



Daily Report

China

FBIS-CHI-88-212
Wednesday
2 November 1988

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FBIS-CHI-88-212

CONTENTS

2 November 1988

INTERNATIONAL AFFAIRS

General

Disarmament Draft Resolution Submitted at UN	1
UN Security Council Requests Afghanistan Report	1
U.S. Reiterates Support for Sihanouk	1
Journal Sees Fierce, Extended Superpower 'Fight'	2
Sino-U.S. Ties Unaffected by Soviet Summit	
<i>[Hong Kong SOUTH CHINA MORNING POST 31 Oct]</i>	2
Thai Prime Minister Meets DPRK Vice Premier	3
Agreement Opens Way for Soviet-Indian Reactor	4
Beijing Hosts Sino-Foreign Business Symposium	4
Zhao Ziyang Addresses Seminar	4
Li Peng, World Bank Official Exchange Views	5
Shenzhen International Seminar To Review Reform	5
S. Koreans Denied Attendance <i>[Hong Kong SOUTH CHINA MORNING POST 2 Nov]</i>	6
Li Tieying Meets Family Planning Conference	6
CPPCC Vice Chairman Meets Foreign Scientists	6
Foreigners Study Chinese 'Traditional' Medicine	6
'Electronic Giants' Attend International Exhibit	7
Beijing Asia-Pacific Microwave Conference Opens	7

United States & Canada

Huang Hua Meets U.S. Retired General	7
Air Force Delegation Leaves for U.S. Visit	8
Low Black Turnout at Poll May Hurt Democrats	8
U.S. To Ease Control on Software, Data Exports	8
'Roundup' on Canadian Elections, U.S. Trade	8

Soviet Union

Sino-Soviet Third Round Border Talks Reported <i>[RENMIN RIBAO 1 Nov]</i>	9
Soviet Envoy Interviewed on Sino-Soviet Summit <i>[Hong Kong WEN WEI PO 2 Nov]</i>	9
Soviets To Assist in Reunification With Taiwan <i>[Hong Kong CHENG MING 1 Nov]</i>	11
Bank of China To Join in Loan to USSR <i>[KYODO]</i>	12
Xinjiang-Soviet Railway Line To Open by 1992	13

Northeast Asia

DPRK Condemns S. Korean Conference Proposal	13
DPRK Paper Rejects 'Recognizing Reality' <i>[RENMIN RIBAO 28 Oct]</i>	13
SHIJIE ZHISHI Views Japan's Asian Policy <i>[16 Oct]</i>	13
Japanese Household Goods Exhibition Opens	15
Sino-Japanese Cement Plant Planned in Dalian	15
Shanghai's Zhu Rongji Meets Japanese Group	16
Sino-Japanese Oil Technology Conference Held	16

Southeast Asia & Pacific

Phnom Penh's Hun Visits Hanoi Enroute to Paris	16
Thailand Denies Skimming U.S. Aid to Cambodia	16

Near East & South Asia

Bangladesh President Ershad Begins China Visit	17
Receives 'Warm Welcome' [Dhaka]	17
Meets Yang Shangkun	17
Meets, Feted by Li Peng	18
Joint Communiqué Issued	19

Sub-Saharan Africa

Tanzania Inaugurates 'Chinese-Built Coal Mine'	19
--	----

West Europe

Further Reportage of Visit by FRG's Genscher	19
Attends Institute Opening	19
Meets Zhao Ziyang, Li Peng	20
Calls Visit 'Success'	20
FRG Company To Train Chinese Technicians	20
Gu Mu Meets Netherlands Delegation	21

Latin America & Caribbean

Uruguayan President Leaves for Week-Long Visit	21
Minister on Increased Peruvian Trade Relations	21
Bolivian Military Officials Feted in Beijing	21
Spokesman Hails Latin American Summit	22

NATIONAL AFFAIRS

Li Peng Chairs State Council Executive Session	23
NPC Standing Committee on Economic Environment	23
Panel Discussions Held	23
Greater Supervision Called For	24
Trade Unions To Undergo 'Drastic Changes'	24
National Procurators Conference Opens 1 Nov	25
Literary, Art Circles Expecting 'Second Spring'	26
Hu Qili To Address Congress [Hong Kong HONGKONG STANDARD 2 Nov]	26
Political Suppression Still 'Looms' [Hong Kong HONGKONG STANDARD 2 Nov]	26
Commentator Discusses Thoughtless Competition [RENMIN RIBAO 1 Nov]	27
Li Tieying Visits Zhejiang University 17 Oct [ZHEJIANG RIBAO 18 Oct]	28
Guo Linxiang Urges Guidelines Implementation [JIEFANGJUN BAO 16 Oct]	28
PLA To Inspect Its Finances Nationwide [CHINA DAILY 2 Nov]	29
New Approach to Military Training Implemented [JIEFANGJUN BAO 20 Oct]	29
Reporters Visit Naval Weapons Testing Base	30
Minister on Improving Economic Environment [RENMIN RIBAO 20 Oct]	31
Yu Guangyuan Cited on Socialist Ownership Forms [JINGJI RIBAO 17 Oct]	31
Controlling Industrial Growth Rate 'Imperative' [RENMIN RIBAO 25 Oct]	31
Economist Advocates Developing Private Economy [JINGJI BANKAO 21 Oct]	33
Effects of Reform on Joint-Stock System [SHIJIE JINGJI DAobao 17 Oct]	33
Factory Implements Labor Contract System [CHINA DAILY 2 Nov]	37
Silk Corporation Given Preferential Treatment [CHINA DAILY 2 Nov]	38
Foreign-Invested Enterprises Doing Well	39
Management of Water Conservancy System Lauded [RENMIN RIBAO 24 Oct]	39
Birth Control Program 'Ineffective' in Provinces [Hong Kong SOUTH CHINA MORNING POST 2 Nov]	40
Comparison of Qiao Shi Report to Discipline Group	40

REGIONAL AFFAIRS

East Region

Anhui Party Committee Plenary Session Ends	41
Fujian's Chen Meets Hong Kong Women's Group	41
Jiangxi's Governor Comments on Improving Economy [JIANGXI RIBAO 11 Oct]	41
Jiang Zemin at Shanghai Social Science Forum	44
Zhejiang's Xue Ju at Division Inauguration	44

Central-South Region

Shenzhen Cracks Customs Bribery, Smuggling Case [Hong Kong WEN WEI PO 1 Nov]	45
Guangdong Assigns CPC Work Committee Leaders	46
Guangdong To Abolish Organ Party Groups	46
Henan Meeting Discusses People's Congress Issues	46
Hubei To Launch Extensive and Thorough Education	47

Southwest Region

Yunnan Seminar on Party Building Theory Closes	47
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North Region

Beijing Holds Plenary Meeting on Rectification [BEIJING RIBAO 19 Oct]	47
Tianjin Customs Checks on Enterprise Profiteering [RENMIN RIBAO 24 Oct]	49
Li Ruihuan Speech at Tianjin Celebratory Rally [TIANJIN RIBAO 12 Oct]	49

Northwest Region

Shaanxi Leader Addresses CPPCC Meeting	52
Song Hanliang Attends Xinjiang Peasants' Meeting	53

TAIWAN

Policy Toward Soviet Union Remains Unchanged	54
Dissidents' Call for Independence Supported [Hong Kong HONGKONG STANDARD 2 Nov]	54
Yu Refuses To End 'Period of Communist Rebellion'	54
Yu on Government's Wealth Distribution Policy	55
Commentary on DPP's Moderate Leadership	55

HONG KONG & MACAO

Hong Kong

Governor Wilson Begins Beijing Visit 2 Nov [XINHUA]	56
Corruption Crackdown on Agenda [HONGKONG STANDARD 2 Nov]	56
Vietnamese Delegation 'Likely To Visit' [SOUTH CHINA MORNING POST 2 Nov]	57
Proposal To Host World Exposition Abandoned [SOUTH CHINA MORNING POST 2 Nov]	58

General

Disarmament Draft Resolution Submitted at UN *OW0111185988 Beijing XINHUA in English* 1836 GMT 1 Nov 88

[Text] United Nations, November 1 (XINHUA)—China has submitted a draft resolution to the current session of the General Assembly, which urges the two major nuclear powers to take the lead in halting nuclear arms race and reducing drastically their nuclear arsenals.

This is the third consecutive year that China has submitted similar drafts on nuclear disarmament to the General Assembly. The world body approved China's texts at its 41st and 42nd sessions without a vote.

This year's draft welcomes the signing and ratification of the INF treaty between the Soviet Union and the United States, and calls upon the two states to strictly observe and fully implement the treaty.

It urges the two states, which possess the most important nuclear arsenals, to further discharge "their special responsibility" for nuclear disarmament, and to negotiate in earnest for the drastic reduction of their nuclear arsenals.

One of the new elements in this year's draft is to express the belief that "the qualitative aspect of the arms race needs to be addressed along with its quantitative aspect."

It also stresses that "the most acute and urgent task" facing the world today is to remove the threat of a world war, particularly a nuclear war.

It reiterates that the ultimate goal of nuclear disarmament is the complete elimination of nuclear weapons.

It is expected that the First Committee (political and security), which is presently deliberating disarmament issues, will accept the draft resolution by consensus and recommend it to the assembly for unanimous approval.

UN Security Council Requests Afghanistan Report *OW0111061188 Beijing XINHUA in English* 0112 GMT 1 Nov 88

[Text] United Nations, October 31 (XINHUA)—The UN Security Council today adopted a resolution, requiring the UN Secretary General to report to the council frequently the latest developments regarding the implementation of the Geneva Accords on the settlement of the Afghanistan problem.

The resolution, prepared by the Soviet Union, the United States, and the UN Secretariat, asked Secretary General Javier Perez de Cuellar to "keep the Security

Council informed" of further developments, in accordance with the Geneva agreements signed by the Kabul regime and Pakistan representing the Afghan resistance forces in April.

The Geneva Accords, signed also with the Soviet Union and the United States as the guarantors, provides for specific arrangements for the settlement of the Afghanistan problem, which was caused by the Soviet invasion in 1979.

Ever since the accords took effect in May with the start of Soviet withdrawal of its 115,000 troops, there has been exchange of charges between the Soviet Union and Pakistan, each claiming the other violating the agreement by sending arms to the conflicting parties in the war-torn country.

The resolution today also confirms the council's provisional agreement on April 25 to the secretary general's arrangements for the temporary dispatch of UN military officers to Afghanistan and Pakistan to investigate any possible violations of the Geneva Accords.

About 50 UN military officers have been dispatched by the secretary general and are now respectively stationed in Afghanistan and Pakistan under the council's provisional agreement.

According to UN sources, the resolution was asked by the Soviet Union, which had intended to bring its violation charges against Pakistan, by letting the secretary general report on the developments, to the attention of the Security Council.

In his speech to the current session of the UN General Assembly on 27 September, Soviet Foreign Minister Eduard Shevardnadze lashed out at Pakistan's "serious violations" of the Geneva Accords and threatened to stop the Soviet troop withdrawal if Pakistan continues the violations.

However, Pakistani Foreign Minister Sahabzada Yaqub Khan complained on the same day to the UN General Assembly about numbers of frontier and air space violations by the Soviet-backed Kabul regime after the signing of the Geneva Accords.

U.S. Reiterates Support for Sihanouk *OW0211023688 Beijing XINHUA in English* 0038 GMT 2 Nov 88

[Text] Washington, November 1 (XINHUA)—Assistant U.S. Secretary of State Gaston Sigur met with Prince Norodom Sihanouk of Kampuchea today in Paris to review developments relating to Kampuchea and to express U.S. support for the prince, the State Department said today.

Sigur reiterated U.S. President Ronald Reagan's expression of support for Prince Sihanouk and for a negotiating process that can restore genuine self-determination to the Kampuchea people, spokesman Charles Redman said.

He added Sigur also expressed continued American support for Prince Sihanouk's efforts to achieve a settlement in Kampuchea that will result in complete withdrawal of Vietnamese forces from that country.

In addition, Redman said, Sigur reiterated American confidence in Prince Sihanouk's "central role" in this effort and U.S. belief that Prince Sihanouk "should lead any government that emerges after a settlement."

The spokesman said that the U.S. belief was on the basis that all of the Kampuchea factions agree that there needs to be a central figure, and "Prince Sihanouk is the one person who can play that role."

Meanwhile, Redman said Assistant Secretary Sigur will meet tomorrow in Paris with his Soviet counterpart, Deputy Foreign Minister Igor Rogachev to discuss Kampuchea and other East Asian issues.

Journal Sees Fierce, Extended Superpower 'Fight'
OW0211034588 Beijing XINHUA in English
0240 GMT 2 Nov 88

[Text] Beijing, November 2 (XINHUA)—The current detente between the United States and the Soviet Union has surpassed that of the 1960's and 1970's in both depth and stability, but it is only an adjustment period for further contest in the next century, as the two superpowers are still competing in global strategies and interests, according to an article appearing in the latest issue of the Chinese journal "WORLD AFFAIRS," written by its special commentator.

The author of the article, Ji Yan, argues that "the current detente is the result of historical changes of international relations and the world situation 40 years after the Second World War." The article attributes the current detente to the following:

—A multi-polarized world economic order has been established and a politically multi-polarized world is being formed. Confrontations between the two military blocks led by the U.S. and the Soviet Union have thus been reduced. On the other hand, the two superpowers have been greatly weakened due to mounting domestic economic problems and challenges posed by rising economic powers such as Japan and West European countries. Both superpowers feel they must give priority to the economy and downplay their bid for world hegemony, reducing the tight grip on their allies.

—The nuclear arms race has begun to decline. The post-war era could be branded as the nuclear era, in which the two superpowers believed that anyone who got

the upper hand in the nuclear arms race was strategically superior, but the situation of nuclear arms changed traditional ideas of war. Both sides have realized that nuclear weapons can only serve as deterrents, not as weapons in a real war. The destruction of all intermediate-range nuclear missiles marks the passing away of the nuclear-weapons age.

—Marked by the Soviet military withdrawal from Afghanistan, the range of detente has been broadened from arms reduction to the solution of regional conflicts, thus increasing the detente's stability and paving the way for improved U.S.-Soviet relations and ties between the Soviet Union and other Western countries. Political solutions to regional conflicts have been sought from southern Africa to the Gulf region, from Kampuchea to Latin America.

The article predicts that the current detente will last longer than previous detentes.

The global strategies of the United States and the Soviet Union remain unchanged and opposed to each other, the article says, and detente will not be "smooth sailing." Detente will be the main trend, but the superpowers will not end confrontation although the fields and methods will change, and they will constantly stage dialogues to reduce tension. Their fight for the Third World through political, economic and diplomatic means will be fierce and will last a long time, although there is little prospect of great military involvement.

Sino-U.S. Ties Unaffected by Soviet Summit
HK3110065588 Hong Kong SOUTH CHINA
MORNING POST in English 31 Oct 88 p 7

[By Edward Neilan in Beijing]

[Text] Relations between the United States and China—which Beijing believes are "very good"—will not suffer from next spring's summit between Chinese leader Deng Xiaoping and Soviet President Mikhail Gorbachev, according to top Chinese specialists in Soviet affairs.

"China's focus is on modernisation and we have chosen to emphasise ties with the U.S., Japan and Western Europe to achieve this," said Mr Zui Ruizhen, senior member of the Soviet foreign relations section at the Institute of Soviet and East European Studies. The institute is part of the Chinese Academy of Social Sciences.

"At the same time trade with the Soviet Union and other East bloc nations also will help modernisation. But the Sino-Soviet summit has more to do with political normalisation and stability," Mr Zui said.

"The summit, which we see taking place next April or May, will not be to the detriment of China's relations with the West, particularly the U.S.," said Mr Zui, whose think tank is the chief advisory body on foreign policy to the State Council.

Every time Moscow and Beijing inch towards rapprochement, officials from Washington to Tokyo to Bonn get nervous. But Mr Zui is emphatic in his reassurance that "the time is long since passed when Sino-Soviet accommodation has any strategic impact for the world."

Another of the Chinese Soviet experts, Mr John Duoyi Zhang, added: "China and the USSR cannot return to their alliance of the 1950s because the international structure has substantially changed. It has switched from a Cold War environment to a pluralistic structure. The 1950s alliance for China is unthinkable."

Nevertheless, Western analysts in their caution note that Sino-Soviet trade and diplomatic activity have blossomed since Mr Gorbachev's 1986 speech at Vladivostok and that even though Soviet advisers were yanked out of China in 1960, Moscow's embassy in Beijing still has five times as many diplomats as Washington's.

Mr Shang Lingui, the third Chinese Soviet expert participating in the round-table interview with a visiting American reporter, said he and his colleagues attached more significance to Mr Gorbachev's recent speech at Krasnoyarsk, Siberia, last month than did most Western analysts.

"That speech was a further development of the Vladivostok speech," said Mr Shang and said it has implications for Sino-Soviet ties, for political stability on the Korean peninsula and even for Soviet-Japan ties.

The three specialists agreed that "something is brewing" on the Northern Islands issue, the sticking point in improvement of Moscow-Tokyo ties.

They felt that although the Soviets want to make some concession on the Northern Islands issue, they fear that any major move there would invite trouble in border situations with Rumania and Poland.

Mr Zui predicted a Soviet "offer of a lease—sort of a reverse Hong Kong arrangement—" where Moscow would concede the islands' sovereignty to Japan but retain control for a certain period. Tokyo has already ruled out a whispered Soviet proposal to return two of the smallest islands when Soviet Foreign Minister Eduard Shevardnadze visits Japan on December 21.

Although they declined to be quoted specifically on the point, the Chinese experts conceded that the Sino-Soviet summit would probably be "the last hurrah" of the 84-year-old Mr Deng.

It was, after all, Mr Deng who delineated the "three obstacles" to Sino-Soviet resumption of party ties and so he is the logical one to say when the time is ripe to deal.

Soviet withdrawals from Afghanistan seem to satisfy the Chinese as do lowered levels of activity along the 8,000-kilometre common border; trade has increased considerably in the border areas; and only Beijing's complaints about Soviet backing of Vietnam's troop presence in Kampuchea has remained a real barrier.

Chinese Foreign Minister Qian Qichen has a November 27 appointment with Mr Shevardnadze in Moscow to iron out final differences on the Kampuchea issue.

The Soviet Foreign Minister will keep his December date in Tokyo and then again meet his Chinese counterpart probably in January to finalise plans for the Deng-Gorbachev summit.

The thinking in Beijing is that "the time is ripe" for a Sino-Soviet summit. For one thing there have been four U.S.-Soviet summits and Beijing feels left out. A summit would also help Mr Deng and Mr Gorbachev to consolidate their domestic political positions.

Thai Prime Minister Meets DPRK Vice Premier
OW3010030388 Beijing XINHUA in English
1527 GMT 28 Oct 88

[Text] Bangkok, October 28 (XINHUA)—Thai Prime Minister Chatchai Chunhawan received here today Kim Yong-nam, vice-premier and foreign minister of the Democratic People's Republic of Korea.

The spokesman of the Thai Prime Minister's Office, Suwit Yumani, told reporters after the meeting that the two sides had a wide exchange of views on relations between Thailand and the DPRK, especially on bilateral trade. Both sides believe that trade between the two countries should expand.

The spokesman said that Kim Yong-nam handed over to Chatchai a message from the DPRK Administration Council to invite him for a visit to the DPRK, the Thai prime minister accepted the invitation.

Earlier today, Kim Yong-nam had called on Thai Deputy Prime Minister Phichai Rattakun and had talks with Thai Foreign Minister Sitthi Sawetsila.

Thai Foreign Ministry spokesman Sarot Hawanawirat later told reporters that Kim Yong-nam briefed Sitthi about developments in northeast Asia. Sitthi said it is Thailand's hope to see peace and stability in northeast Asia, his country also hopes that peace talks between North and South Korea would continue.

They also discussed holding a meeting of the Thai-DPRK Joint Trade Committee and the ways to expand bilateral trade. Kim Yong-nam proposed that a DPRK-Thai joint venture of tin production be set up, the spokesman said.

The two sides agreed to increase their annual trade to 200 million U.S. dollars, although the spokesman did not specify when the target will be met. During the first nine months this year, bilateral trade between Thailand and DPRK was 120 million baht (48 million U.S. dollars), the spokesman said.

Thailand was also requested by the DPRK vice-premier and foreign minister to consider the establishment of a DPRK embassy in Bangkok. Sitthi said his country will consider the request, according to the spokesman.

Kim Yong-nam arrived here on October 27. He is scheduled to leave for Nepal on October 31.

Agreement Opens Way for Soviet-Indian Reactor
OW3010024088 Beijing XINHUA in English
1540 GMT 28 Oct 88

[Text] New Delhi, October 28 (XINHUA)—India has agreed to put under international safeguard two 1,000-mw nuclear reactors that the Soviet Union will set up in India's southern State of Tamil Nadu.

The two atomic power plants will come under International Atomic Energy Agency (IAEA) safeguards, raising the number of such safeguarded facilities in the country to six, the "NATIONAL HERALD" reported today.

The recent agreement with IAEA on safeguards has cleared the way for the sale of the Soviet reactors to India, according to the report.

The facilities of the two reactors and the enriched uranium fuel to be supplied by the Soviet Union will be open to inspection under the agreement signed with IAEA on September 27.

India has agreed to notify IAEA within 30 days of the arrival of the fuel and reactor facilities from the Soviet Union, it has also guaranteed that it will use neither of these for making weapons.

A draft agreement on the sale of the Soviet reactors and the terms of the contract is now ready, and it will be signed during Soviet President Mikhail Gorbachev's visit to India next month, the report said.

It noted that except for the reactors of Kalpakkam near Madras, all other Indian nuclear power reactors are already under IAEA safeguards.

Beijing Hosts Sino-Foreign Business Symposium
OW3110115088 Beijing XINHUA in English
0921 GMT 31 Oct 88

[Text] Beijing, October 31 (XINHUA)—The eighth business leaders symposium, aiming at exploring more opportunities for Sino-foreign cooperation, opened in the Great Hall of the People here today.

About 80 foreign business people from 18 countries and regions, together with more than 100 Chinese business people are attending the symposium which is co-sponsored by the China Enterprise Management Association (CEMA) and the World Economic forum.

During the three-day symposium, foreign participants will exchange management know-how with their Chinese counterparts and hold talks on possible joint ventures and other economic cooperation.

They will also meet with officials from central ministries and localities to discuss China's reforms and international trade and cooperation.

The Geneva-based World Economic Forum was established in Switzerland in 1971. The joint symposium has been an annual event since 1981.

Zhao Ziyang Addresses Seminar
OW0211123288 Beijing XINHUA in English
1216 GMT 2 Nov 88

[Text] Beijing, November 2 (XINHUA)—Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, briefed foreign businessmen today on China's reform of its economic and political system as well as its economic relations with foreign countries.

Zhao told more than 80 foreigners who attended the 8th International Business Leaders' Symposium that reform and opening up to the outside world are general and long-term policies and principles that will last for dozens or even hundreds of years.

These policies and principles will never alter because of partial and temporary political or economic changes, he said.

Zhao noted that China's ten years of reform and opening up to the outside world have witnessed great achievements and changes in China, so there is no reason for China to reverse her decision on these matters. Without the support of the people, the Chinese leadership would not have had the determination to conduct such reforms, he explained.

"Ten years of practice have proven that to reform means to march forward", Zhao said.

The cause of the recent drive to improve the economic environment and rectify the economic order lies in inflation, Zhao said. The present sharp rise in inflation is taxing the endurance of the Chinese people, so it must be curbed by the government, he explained.

Zhao told his audience that the country's current economic readjustment will not affect China's foreign economic relations.

In fact, he said, from a long-term point of view such a restructuring of the economy will create even better conditions for economic and technical cooperation with other countries.

Zhao invited businessmen and industrialists from other countries to invest in China by establishing independent enterprises or joint ventures on the basis of existing enterprises. He described the process of establishing such joint ventures as "grafting foreign advanced technologies and management on the tree of Chinese enterprises," and said he hopes to see more of such ventures in the future.

Zhao said that the development strategy for China's coastal areas, put forward this spring, has achieved good results. "We will continue to implement such strategy and try to make the coastal areas into a big international market, to speed up the development of the area. This will in turn promote the economic development of China's interior, as well as the overall Asian-Pacific region", he said.

During the hour-long meeting, Zhao was also asked to talk about China's reform of its political structure. He pointed out that the reform of political structures is being carried out to improve the development of a unique form of socialist democratic politics.

During such reform, he said, the ruling power of the Chinese Communist Party will remain unchanged, but what will be changed is the form of governing, he said.

Zhao said that China is adopting a consultative system of multi-party cooperation under the leadership of the Chinese Communist Party, adding that such a system will be continuously perfected.

"We are smoothly carrying out the reform of political structures in line with the plans made at the 13th party congress. Now we are undertaking the policy of gradually separating party and government functions, to allow government organs and mass organizations to play a greater role in governing the country," he said.

Zhao pointed out that these things must be done step-by-step to build up the democratic system in China, which is less developed in economy and culture.

The 8th International Business Leaders' Symposium, cosponsored by the China Enterprise Management Association and the World Economic Forum (WEF), was attended by entrepreneurs from 27 countries and regions.

During the meeting, WEF President Klaus Schwab told Zhao that as a result of the symposium he and other foreign businessmen have seen that China's reform is marching on. Schwab added that it is delightful that China is actively participating in international economic activities.

Li Peng, World Bank Official Exchange Views
OW0111125788 Beijing XINHUA in English
1220 GMT 1 Nov 88

[Text] Beijing, November 1 (XINHUA)—Chinese Premier Li Peng met here today with Attila Karaosmanoglu, vice-president of the World Bank in charge of Asia region.

During the cordial and friendly conversation, Li spoke highly of the assistance the World Bank has rendered to China's economic construction, including the provision of funds and management experience.

Karaosmanoglu expressed his satisfaction over the implementation of the cooperative projects between his bank and the Chinese side.

Both sides also exchanged views on a plan in which the World Bank will provide China with loans in the forthcoming three years.

Shenzhen International Seminar To Review Reform
OW2810131388 Beijing XINHUA in English
0915 GMT 27 Oct 88

[Text] Beijing, October 27 (XINHUA)—Experts from both China and major international organizations, including the World Bank and the International Monetary Fund, will be invited to Shenzhen next month for a seminar to review China's economic reform in the past decade.

The seminar, set for November 7, is sponsored by the State Council's Research Center for Economic, Technological and Social Development, the Chinese Society for Research on the Restructuring of the Economic System and the Hong Kong Chinese Economic Publication Co.

The participants will focus on summing up experience and lessons, probing the reform's theory and practice in China, studying difficulties and successes and looking to the future.

Papers have already been received from scholars in various countries and regions including the United States, the Soviet Union, Japan, Australia, Hungary, Yugoslavia, the Netherlands, Britain, India and Hong Kong.

The sponsors will organize business talks at the same time between Chinese and foreign businessmen, including general managers from the country's 35 biggest enterprise groups.

S. Koreans Denied Attendance

HK0211054788 Hong Kong SOUTH CHINA MORNING POST in English 2 Nov 88 p 6

[By Lai-Pui-ye]

[Text] South Koreans would not be able to participate in a major international seminar on economic reform in China because Beijing and Seoul do not have diplomatic ties, a co-organiser said yesterday.

South Korean economists had wanted to take part in the seminar in Shenzhen next week but the Research Centre for Economic, Technological and Social Development of the State Council turned down the request.

Miss Jin Hung, a spokeswoman of the Hong Kong Chinese Economic Publications Company, said: "As a local co-organiser, we have to respect the State Council's decision. It is not desirable to (allow) South Koreans to attend such an official function (in) the present diplomatic situation."

However, high-level officials from the Soviet Union would take part in the seminar, in the first official representation of its kind since the beginning of the Sino-Soviet rift.

Economists from Taiwan had turned down invitations to attend the seminar for various reasons, Miss Jin said.

The seminar, examining economic reform in China from 1979 to 1988, will be co-chaired by Mr Xu Jiatao, director of the Hong Kong branch of the New China News Agency, and Mr An Zhiwen, who serves on a financial leadership committee of the State Council.

Major international organisations, including the World Bank and the International Monetary Fund, will attend the seven-day seminar starting on November 7.

Chinese representatives include economic experts Ma Hong, Huan Xiang, Liu Hongru, Qian Jiaju and Li Yining. Scholars from Hong Kong include Professor Steven Cheung Ng-sheung and Mr Joseph Cheng.

Li Tieying Meets Family Planning Conference

OW3110172988 Beijing XINHUA in English 1458 GMT 31 Oct 88

[Text] Beijing, October 31 (XINHUA)—State Councilor Li Tieying met here today the participants in the 15th annual conference on Asian parasite control and family planning at the Great Hall of the People.

The some 100 participants and representatives from 17 countries and regions and some related international organizations are all in charge of family planning programs.

Li Tieying thanked the Japanese organization for international cooperation on family planning for its help to China and expressed his hope for furthering such cooperation.

Present on the occasion was Peng Peiyun, minister in charge of the State Family Planning Commission.

CPPCC Vice Chairman Meets Foreign Scientists

OW2910135488 Beijing XINHUA in English 0854 GMT 29 Oct 88

[Text] Beijing, October 29 (XINHUA)—Qian Weichang, a leading Chinese scientist and vice chairman of the National Committee of Chinese People's Political Consultative Conference, met here today the foreign scientists participating in the 10th Asian-Pacific Conference on Information.

The conference was sponsored by the International Federation of Information Data [FID], which is the world's largest organization in research and exchange of information science. It was the first time for China to hold such a meeting jointly with FID.

Foreigners Study Chinese 'Traditional' Medicine

OW2810201588 Beijing XINHUA in English 1515 GMT 28 Oct 88

[Text] Beijing, October 28 (XINHUA)—About 2,000 doctors from all over the world come to China every year to study its unique traditional medicine and acupuncture and modern medical results.

For the dissemination of the Chinese medicine, the World Health Organization has set up seven cooperative centers in China. Acupuncture is being practised in well over 120 countries now.

In this medical exchange, China—two thirds of its medical achievements in the last few years are near or have reached advanced international levels—has established ties with over 100 countries and regions.

The medical research successes include joining of severed limbs, treating of burns over a large area of the body and the manufacture of synthesizing arteannuine—a highly effective anti-malaria drug.

China is sending its doctors to nearly 50 countries, a public health official said.

"Foreign patients who have been treated by Chinese doctors since 1980 amount to 100 million," he said.

China began sending its medical staff to work abroad in the 1960s.

'Electronic Giants' Attend International Exhibit
OW2810113788 Beijing XINHUA in English
1109 GMT 26 Oct 88

[Text] Beijing, October 26 (XINHUA)—International electronic giants showed up today at an international exhibition here in a bid to get more shares of this lucrative business in China.

The six-day "Expo Comm China 88 Exhibition", organized by the U.S. firm of E.J. Krause and Associates, Inc. is the largest gathering of international hi-tech companies ever held in Asia.

On display at the China International Exhibition Center are various types of advanced computer and telecommunications products made by 400 firms from 15 countries and regions, and covering a floor space of 15,000 sq m.

The U.S. pavilion leads all the foreign participants with 37 companies, including Xerox, Motorola, Hewlett-Packard, A.T. and T., IBM and other big transnationals.

Corporations from other countries, like Toshiba, Hitachi, Fujitsu and NEC from Japan, and Philips Communications Industry AG from Federal Germany, built splendid pavilions to show off their products, which are already well-known throughout China.

Electronic industries from some developing countries have also provided new eye-catching displays for the exhibition, aggressively challenging their counterparts in the West.

The Chinese pavilion, housing 60 domestic firms, enjoys a high profile at the exhibition. Products and technologies from Beijing's "electronics street" are described by some as demonstrating that the gap between China and the developed world is decreasing in the electronics industry.

Addressing the opening ceremony, Zheng Hongye, vice-chairman of the China Council for the Promotion of International Trade, called the show a great opportunity for exchanges and said it would be made a regular event twice a year.

Dozens of technical seminars and conferences will be held during the exhibition.

Attending today's ceremony were Peng Chong, vice-chairman of the National People's Congress and Yang Taifang, minister of Posts and Telecommunications, as well as some foreign diplomats and business representatives here.

Beijing Asia-Pacific Microwave Conference Opens
OW2810120088 Beijing XINHUA in English
1107 GMT 26 Oct 88

[Text] Beijing, October 26 (XINHUA)—Nearly 200 scholars from ten countries or regions in the Asia-Pacific region and Europe today attended the opening ceremony of the second Asia-Pacific microwave conference at the Beijing Science Hall.

Conference chairman and member of the technical committee of Academia Sinica Lu Baowei and G.P. Srivastava, professor at the University of New Delhi, India, reviewed the development of microwave technology in their own countries.

Representatives from Japan, Iran, the United States, Britain, the Federal Republic of Germany, Italy, Poland and Hong Kong listened to their reports.

More than 240 papers will be presented at the conference.

Conference sources said these papers reflect the state of the art in the field of microwave theory and technology in the Asia and Pacific region.

The conference is accompanied by a microwave technology exhibition. Products from ten institutes will be on display.

The first Asia-Pacific microwave conference was held in New Delhi in February 1986.

United States & Canada

Huang Hua Meets U.S. Retired General
OW0111141888 Beijing XINHUA in English
1302 GMT 1 Nov 88

[Text] Beijing, November 1 (XINHUA)—Former Chinese Foreign Minister Huang Hua discussed the international situation here this evening with Michael Davison, retired general and senior research fellow of the International Security Council of the United States.

Huang, who is now chief advisor to the China Association for International Friendly Contact, briefed Davison and other American visitors on China's foreign policy.

Earlier this afternoon, Davison had a discussion with scholars of the China Center for International Studies.

Air Force Delegation Leaves for U.S. Visit
OW0211125288 Beijing XINHUA in English
1110 GMT 2 Nov 88

[Text] Beijing, November 2 (XINHUA)—A six-member Air Force delegation led by Lieutenant General Zhu Guang, political commissar of the Air Force of the Chinese People's Liberation Army (PLA), left here for the United States by air today.

The delegation is going for a 13-day official, goodwill visit as guests of U.S. Air Force Secretary Edward C. Aldridge Jr.

General Wang Hai, commander of the PLA Air Force, saw the delegation off at the airport.

Low Black Turnout at Poll May Hurt Democrats
OW0211021888 Beijing XINHUA in English
1643 GMT 1 Nov 88

[Text] Washington, November 1 (XINHUA)—A pollster for the "USA TODAY" newspaper suggests that Democratic presidential candidate Michael Dukakis could be hurt by a significantly lower black voter turnout next week. Gordon Black said his national polls show black turnout could be down as much as 25 percent. If accurate, this would reverse a trend of increasing black participation that began in 1976.

According to Census Bureau statistics, black turnout was 49 percent in 1976, 51 percent in 1980, and 56 percent in 1984. Pollster Black said the turnout this year could drop well below 1976 levels.

Another pollster reported a slight increase in support for Republicans among younger and more affluent blacks.

Particularly in the south, where some Democratic and gubernatorial candidates hold slim leads, a lower black turnout could swing the election. More than half of the country's 20.4 million voting-age blacks live in the south, but polls showed Bush leading in all southern states.

Many black voters are seen as resentful for the lack of Democratic support for civil rights leader Jesse Jackson and his snub by Dukakis for the vice presidential nomination.

A lack of familiarity with Dukakis and the Democrat's failure to campaign heavily in black communities is also cited. Blacks are also viewed as less hostile to Republican presidential candidate George Bush than President Ronald Reagan.

U.S. To Ease Control on Software, Data Exports
OW0211061588 Beijing XINHUA in English
0216 GMT 2 Nov 88

[Text] Washington, November 1 (XINHUA)—The U.S. Commerce Department proposed new regulations to ease and simplify its controls on the export of computer software and technical data, according to a WALL STREET JOURNAL report today.

Among other things, the report said, the proposed rules would eliminate controls on the export of many kinds of commonly available software. They also would reduce current restrictions on the transmission to Western countries of technical information involving the production and sale of strategically important products designed in the U.S.

U.S. undersecretary of commerce for export administration, Paul Freedenberg, said streamlining the rules would make the export guidelines more "user-friendly" to U.S. technology vendors, improving their ability to compete in global markets.

A rapidly growing international market already has seen U.S. software sales increase to an estimated 11 billion dollars this year from 5.3 billion dollars in 1984, and they could soar to 20 billion by 1990, according to U.S. Commerce Department figures.

After hearing comments from the U.S. industry, the Commerce Department plans to publish the final regulations next January.

The software proposal is in line with earlier moves by the U.S. and its allies to allow older generations of computers to be sold to the Soviet Union and other Eastern European countries.

Software is widely recognized as a major U.S. technological strength.

'Roundup' on Canadian Elections, U.S. Trade
OW0211051788 Beijing XINHUA in English
0920 GMT 1 Nov 88

["Roundup: U.S.-Canadian Free Trade Accord Vital to Canada's Election (by Zhang Yuanting and Cai Shuqi)"]—XINHUA headline]

[Text] Ottawa, October 31 (XINHUA)—The controversial U.S.-Canadian free trade agreement has put a break on Prime Minister Brian Mulroney's Progressive Conservative Party's two-digital lead in the parliamentary election campaign, bringing the opposition Liberal Party neck-and-neck with the governing party.

A post-debate Angus Reid Poll has given 35 percent for both the ruling party and the Liberal Party, with 28 for the New Democratic Party.

However, an Angus Reid Poll before the October 24 and 25 televised debates showed Mulroney's party enjoyed a 19-point lead over the Liberals and 18 over the New Democrats.

Analysts here said that the tactics of sticking to the issue of the free trade agreement by Liberal leader John Turner in the Ottawa-based debates had virtually contributed to his party's rocketing to the present position in the poll.

To offset Mulroney's advantage from the current sound economy in the country, Turner had frequently called for open debates with his rivals over the free trade accord, with an aim to divert voters' attention from present to future concerns.

The 1988 U.S.-Canadian free trade agreement has been passed in the U.S. Congress. If approved by the Canadian Parliament, it will go into effect from January 1989.

But, in case of either of the Liberal Party or the New Democrats winning the election, the deal is likely to be cancelled.

During the debates, Turner argued that the U.S.-Canadian agreement would pose threats towards women's employment, regional development programs, pensions for the elderly, and social welfare in the country.

He added that Canada's energy and agriculture departments and cultural sovereignty would be affected by what he described as an agreement to "sell Canada."

To some extent, analysts said, Turner's warnings had raised Canadians' precautions against their neighbouring country to the south.

Mulroney, a firm supporter of the accord, promised a more open market in North America as was promised in the agreement. A more open market would bring about more jobs, Mulroney added.

In response to Turner's charges, Mulroney said that, if the agreement were found unfavourable to Canada, the government could suspend the accord with a 6-month notice.

However, the voters saw Mulroney's response as vulnerable and weak, the analysts observed.

Although the New Democratic Party sides with the Liberals in their objections to the agreement, the two could hardly form a united front because of their deep-rooted differences on a wide range of issues. The three parties' stands over the issue of the free trade agreement would certainly affect voters' direction in final balloting.

Just as analysts here have noted, with the election 3 weeks away, the Canadians' concern over the prospect of the agreement will finally settle the tripartite confrontation.

Soviet Union

Sino-Soviet Third Round Border Talks Reported

HK0211033688 Beijing RENMIN RIBAO
in Chinese 1 Nov 88 p 6

[XINHUA report: "Third Round of Sino-Soviet Border Talks Ends in Moscow"]

[Text] Moscow, 31 Oct (XINHUA)—The third round of Sino-Soviet boundary talks were held in Moscow from 20 to 31 October. The two sides discussed the alignment of the Sino-Soviet eastern-boundary line and reached unanimity on the alignment of most parts [da bu fen di duan 1129 6752 0433 0966 3008] of the eastern-boundary line. The two sides will continue to discuss the alignment of others parts on which they have not yet reached unanimity.

The Chinese Government delegation headed by Deputy Foreign Minister Tian Zengpei and the Soviet Government delegation headed by Deputy Foreign Minister Rogachev took part in the talks. During the talks, the delegations of the two countries also discussed the western-boundary line issues and decided to set up western-boundary line work teams and to jointly take aerial photographs over the Sino-Soviet western-boundary line.

The talks were carried out in a realistic, frank, and calm [qiu shi tan shuai he ping jing 3061 1395 0982 3764 0735 1627 7234] atmosphere. Both sides expressed willingness to make progress in resolving boundary problems. The date of the fourth round of boundary talks will be decided in accordance with the working results of the working teams.

Soviet Envoy Interviewed on Sino-Soviet Summit

HK0211035088 Hong Kong WEN WEI PO
in Chinese 2 Nov 88 p 2

["Special interview" by SHIJIE JINGJI DAOBAO reporter: "Soviet Ambassador to China Discusses Soviet-Chinese Summit"]

[Text] Beijing, 1 Nov—Late last month [as published], in an article reporting my interview with Soviet ambassador to China, I disclosed for the first time the news on a Sino-Soviet summit circulating in Beijing diplomatic circles. This evoked strong repercussions. For more than a month, diplomatic attention has been concentrated on this sensitive issue. Through the good offices of Mr Shelov [xie luo fu 6200 3157 1133], I obtained the approval of Oleg Troyanovskiy, Soviet ambassador to China, for another exclusive interview by SHIJIE JINGJI DAOBAO. Although the time for the interview

had been changed several times as a result of my trip to Chengdu, it was reported that the ambassador's short-term schedule for a meeting with this reporter remained unchanged. On the morning of 26 October, this reporter had an 80-minute conversation with the ambassador in the exquisite reception room of the ambassador in the Soviet Embassy in China.

Sino-Soviet Summit

Reporter: Deng Xiaoping said in Beijing last week that a Sino-Soviet summit might take place in the first half of next year. How does the Soviet side look at this?

Ambassador: Gorbachev also indicated on more than one occasion that we hoped for a Soviet-Chinese summit and that we were ready to have a meeting in Beijing, Moscow, or any other place. In his speech at Krasnoyarsk he indicated that, in his view, preparations for the meeting were under way. In fact, preparations have already started. In early December, the Chinese foreign minister will visit the Soviet Union. Soon after that, the Soviet foreign minister will pay a return visit to China. Both parties hold that these are aimed at making preparations for the summit. For this reason, we welcome Deng's talk. We hold that, a summit between the two great countries, the Soviet Union and China, particularly under the conditions of relaxation in the world today, will be conducive to the trend of relaxations which have already emerged. We hope that the meeting can be held next year. However, it is still necessary to finish the process of preparations for the meeting.

Soviet-Chinese Relations Make Very Positive Headway

Reporter: Are the preparations going on smoothly?

Ambassador: We hope that they are going on very smoothly. I should add that, in our view, normalization of Soviet-Chinese relations should not damage the relations between the Soviet Union or China and a third country. We also hold that Soviet-Chinese relations will not return to the relations of the alliance in the 1950's. In fact, neither side wants this. If, following the normalization, ours become stable, friendly, and good-neighborly relations based on the five principles of peaceful coexistence, how wonderful it would be! From Zhao Ziyang's and Li Peng's talks on this issue we can see that our ideas and Chinese leaders' ideas are developing in the same direction. Soviet-Chinese relations are making very positive headway; there is no reason to doubt its future progress. The important thing is that we have a contact point in the category in which we are both interested, namely, the field of reform. The Soviet Union is interested in China's experience in solving problems, thinking that there are some similarities. Of course, there are also some different conditions. We also see that China is interested in the progress of Soviet reform. This does not in any way mean that we should indiscriminately copy the experience of the other party because our respective conditions are different. But it is very useful to draw on

the experience of the other party. Therefore, Deng Xiaoping and Zhao Ziyang wish the Soviet Union success in its reform and Gorbachev on many occasions expressed his wish for China's success in its modernization drive. These are very important fields in which both are mutually interested.

Personnel Changes in Moscow

Reporter: The personnel changes that have taken place in Moscow last month have made a great impact in the world. What's the reason for it?

Ambassador: The resolution of the party Central Committee was the direct result of the national conference of party delegates last June. The resolution showed that it was necessary to conduct a series of political reforms. It decided to conduct some reorganizations on the work of the CPSU Central Committee, to set up additional commissions in charge of international policies, ideology, socioeconomic development, party and organization, political and legal legislation, and agriculture; and, at the same time, to abolish the departments in charge of various economic trades inside the party Central Committee. This is aimed at separating the party work from government work. In the future, all issues relating to economy and industry will be decided and solved by the USSR Council of Ministers. The above-mentioned changes have resulted in some personnel changes. As was decided at the 19th CPSU Conference, the general secretary of the CPSU Central Committee should concurrently be the chairman of the USSR Supreme Soviet Presidium. It is completely natural that Andrey Gromyko, who is 79, should apply for retirement. Vladimir Dolgikh, who was a secretary of the Secretariat of the party Central Committee in charge of industry for many years, applied for retirement because the party Central Committee would no longer manage industry. There were other personnel changes, all of which were the result of the reform of the party Central Committee organs. In this respect, I do not see any too sudden changes.

Reporter: The question is why the personnel changes should take place after, rather than at the 19th party conference?

Ambassador: This comes under the work of the party Central Committee rather than the conference of party delegates. I can also add that, in the future the staff of the party Central Committee organs will also be considerably streamlined, and so will the party committees of all union republics, regions, and outlying districts [bian jiang qu 6708 3984 0575]. The grass-roots party organizations will not be streamlined because they do not have a large number of people and because all specific work should be carried out by them. In short, party organizations at all levels should not engage in routine work or work related to economic development.

Reporter: According to foreign dispatches, foreign reporters were sensitive about the hanging of Stalin's portrait on 1 October. I would like to hear your view on this.

Ambassador: I cannot say that I am very clear about this issue. This is a matter for the Chinese Government to decide as to whose portraits should be hung. Talking about the sensitive reaction in foreign countries, the Soviet Union has published a lot of criticisms of the bad phenomenon of the abuse of power in the Stalin era. As a whole, Stalin is a personality full of contradictions and he played a positive role in a certain period. On the eve of the 70th anniversary of the October Revolution (3 November 1987), Gorbachev made the above-mentioned appraisal. However, when the opposition faction was smashed and admitted their errors, Stalin launched a large-scale mass suppression campaign. People should not speak in defense of this. In this respect, Stalin should be held greatly responsible. Moreover, in the course of collectivization, he made an excessively great mistake. Particular attention should be paid to Stalin's abuse of power and his large-scale suppression campaign in that period. All this is aimed at preventing a repetition of such a state of affairs.

Soviets To Assist in Reunification With Taiwan

HK0211041788 Hong Kong CHENG MING
in Chinese No 133, 1 Nov 88 p 12

[Article by special correspondent to Beijing Ho Shao-ming (6320 1421 2494): "The Soviet Union Has Promised the CPC To Assist It in Unifying With Taiwan"]

[Text]

The CPC Will Accept the Proposal for a Summit Before Next May

The setback in economic reform has upset several senior officials in Zhongnanhai. Without even mentioning the difficulty in predicting developments in China over the next 2 years after rectification of the economic order, the members of the CPC Political Bureau Standing Committee are also uncertain about how the trend will be for the first quarter of next year—they are just like blind men riding blind horses. At this moment, with an unprecedented economic crisis looming large, Zhongnanhai plans to make some breakthroughs in international problems. Since last September, meetings of the top CPC leadership have been held more frequently to discuss international problems, issues concerning bilateral relations between China and foreign countries, and the Taiwan issue.

A diplomatic source disclosed that the CPC had decided to officially accept the Soviet Union's proposal for a Sino-Soviet summit by next May. This friend of mine told me that the Soviet Union had already shown its support for Beijing's stand toward Taiwan. One of the reasons why Deng Xiaoping has decided to meet with

Gorbachev is because the CPC has already secured a commitment from Moscow that the Soviet Union will assist China in persuading the U.S. Government to exert pressure on Taiwan, with a view to solving the Taiwan issue as soon as possible.

Deng Said the Initiative Must Not Be Surrendered to Taiwan

The CPC has enthusiastically launched a round of propaganda and united front work by making use of Hu Chiu-yuan's visit to Beijing, but the KMT's expulsion of Hu from the party is undoubtedly a blow to the CPC. When hearing a report on the Taiwan issue in early October, Deng Xiaoping repeated his instruction: We must not let Taiwan take the initiative.

Some principal leaders of the CPC Central Committee have conscientiously studied Li Teng-hui's speech delivered at the Double Tenth Day rally in Taipei. Taipei's diehard stand has made the CPC's policymaker, Deng Xiaoping, impatient. Ding Guangen, who is not merely Deng Xiaoping's intimate bridge partner, has been appointed personally by Deng to take charge of the Taiwan issue in the State Council and other CPC central authorities. Deng is expecting Ding Guangen to give him a hand on this issue.

Seeking To Further Isolate Taiwan From the World

Speeding up the reestablishment of friendly relations with the Soviet Union is an important component part of the CPC's all-around diplomacy. I have also learned of an unverified story saying that the CPC has sent special envoys to visit some friendly Arab and African countries to pave the way for establishing some sort of relations with Israel and South Africa. One of the purposes of this act is to further isolate Taiwan from the world.

Intellectuals Ever More Eagerly Admire Taiwan

One of the important political factors pressing the CPC to quickly discover a solution to the Taiwan issue is the increasing pressure arising from the fact that intellectuals on the mainland ever more eagerly admire Taiwan. The CPC is making every effort to reverse the trend but this problem, which in substance could shake the foundation of the CPC's rule, will not be finally solved until the Taiwan issue is resolved.

Radical mainland intellectuals are losing their confidence in the CPC, whose chaotic rule is unpopular. Meanwhile however, they appreciate from the bottom of their hearts Taiwan's marvellous achievements. Recently, the "KMT Revolutionary Committee's" reception area in Beijing has been crowded with visitors, among whom are young students, young workers, and young soldiers. Although mainland newspapers and journals have expanded objective coverage of Taiwan's development considerably in recent years, it is still far from enough if the desire of the public, especially the vast number of young people, for more information

about Taiwan is to be properly satisfied. Therefore, many young people have visit "KMT Revolutionary Committee" office in Beijing to get more information about Taiwan. As a result, the formerly unfrequented "KMT Revolutionary Committee's" reception area has now become crowded. Many young people are keen to join the KMT Revolutionary Committee and committee is annoyed by their requests. Thus, having asked the CPC Central Committee for instructions, the "KMT Revolutionary Committee" has drawn up a propaganda document and used it as a guideline in explaining the committee's policy to young visitors.

The Ministry of Public Security Issued a Circular Warning of a Tendency Toward High Interest in and Worship of Taiwan

In early September, six train attendants (one of whom is a deputy secretary of a CYL committee) from Changsha, Hunan Province, called on the KMT Revolutionary Committee in Beijing and submitted a 50,000-character report entitled "The Current Status and Future of the Two Major Ruling Parties in China," which they had written in nearly a whole year of their spare time. They requested the KMT Revolutionary Committee to submit this report, the fruit of their painstaking labor, to both the central committees of the KMT and CPC.

It is reported that in late August the Ministry of Public Security issued a circular for internal circulation, demanding that all local public security organs handle the current rising tendency toward high interest in and worship of Taiwan cautiously, and deal seriously with some small organizations (including local branches of the KMT Revolutionary Committee) that have been established recently among young people, to strike a severe blow against those who have carried out counter-revolutionary propaganda in violation of the law.

Taiwan-Related Activities in Universities and Colleges

According to the same source, the ministry of public security circular also revealed that some radical students in the Beijing Teachers' University, Wuhan University, Southwest Nationality Institute, the Changsha Education Institute, and other universities and colleges have set up various organizations like: "The Three People's Principle Research Group;" "The KMT History Studies Society;" "The Changsha Branch of the KMT Revolutionary Committee;" "The Southwest Branch of the KMT Revolutionary Committee;" and so on. The ministry of public security demanded that academic studies be strictly distinguished from the organizing of counter-revolutionary cliques.

People Hope That the "Genuine KMT" Will Set Up an Exchange Center in Beijing

Some young people said that after study they now began to understand the KMT's "Three No's Policy." They hope eagerly that Taiwan's KMT (they called it the genuine KMT) will be able to set up offices, reception

centers, or Taiwan cultural exchange centers in Beijing, Shanghai, and elsewhere. On the mainland today, when talking about the KMT, the vast majority of young people no longer think of it as a corrupt party but as a hopeful and promising party.

Bo Yibo Urges the CYL Central Committee Against Indifference to What Has Happened

The CPC top leadership is annoyed and anxious about the widespread dissident tendency in favor of the KMT but they feel helpless. It is reported that during a meeting of the CYL Central Committee in late August Bo Yibo, vice chairman of the Central Advisory Commission, repeatedly criticized the young people for their "muddy ideas." He shouted at them: "You just don't understand the KMT's true colors," "never be fooled by Taiwan's superficial prosperity...." He said sadly: "We old comrades, including Comrade Deng Xiaoping, feel sorry to learn about this!" "The CYL Central Committee must not be indifferent to this. Otherwise what is the use of the CYL Central Committee? You must make every effort to convince young people to follow our party," Bo added.

People Are Waiting To See How Taipei Will React to Such Great Pressure

People engaging in work involving Taiwan admit that they are faced with many difficulties, but they believe that the Soviet Union's full cooperation, and full understanding by the United States on the matter, can help a prompt solution to the Taiwan issue.

Of course, the decisive factor after all rests on what policy the Taiwan authorities adopt in reaction to the strong pressure.

Bank of China To Join in Loan to USSR

OW0211041588 Tokyo KYODO in English
0327 GMT 2 Nov 88

[Text] London, Nov. 2 KYODO—The Bank of China will participate in a syndicate of Western banks to extend a loan to the Bank of Foreign Economic Affairs of the Soviet Union, officials of the Chinese Foreign Exchange Bank said here Tuesday [2 November].

The 7-year syndicated loan will be lead-managed by a Finnish bank, while Dutch and Danish banks will act as comanagers, they said.

The Bank of China will extend 5 million dollars out of a total of 50 million dollars to the Soviet export-import bank.

In 1986, the Bank of China joined an underwriting syndicate for a 100 million dollar floating-rate bond issue by a Soviet bank, but this is its first participation in cofinancing a loan to the Soviet Union, the officials said.

Xinjiang-Soviet Railway Line To Open by 1992

OW2910012288 Beijing in Russian to the USSR
1900 GMT 26 Oct 88

[Text] Our Moscow correspondent reports: Isingarín, USSR deputy minister for railways, recently announced the opening of international travel along the railway section connecting the Chinese town of Urumqi and Druzhba railway stations situated on the Sino-Soviet border, starting in the second half of 1992.

Northeast Asia

DPRK Condemns S. Korean Conference Proposal

OW0111130588 Beijing XINHUA in English
0854 GMT 1 Nov 88

[Text] Pyongyang, November 1 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today strongly condemned South Korea's proposal for a "six-sided consultative conference" and urged Seoul to respond without delay to its proposal for "tri-partite talks" attended by the two sides and the United States.

The Korean newspaper NODONG SINMUN said in a signed commentary today that "the proposal of a "six-sided consultative conference" was a version of "cross recognition" proposed by Seoul earlier which "aimed at creating two Koreas". [quotation marks as received]

The South Korean proposal was reportedly put forward by South Korean President No Tae-u October 18 in his address to the United Nations General Assembly. The six parties referred to are the United States, the Soviet Union, the People's Republic of China, Japan and the two Korean sides.

Meanwhile, NODONG SINMUN and another newspaper, MINJU CHOSON, today also denounced South Korea for carrying out a military exercise dubbed "Sangnyong 88".

The maneuver, begun Monday [31 October] and due to end November 4, is reportedly going on in the areas of North Kyongsang Province and the eastern sector of the border area between the DPRK and South Korea.

DPRK Paper Rejects 'Recognizing Reality'

HK0211023588 Beijing RENMIN RIBAO
in Chinese 28 Oct 88 p 6

[XINHUA report: "The North Korean NODONG SINMUN Refutes the Idea of 'Recognizing Reality on the Peninsula'"]

[Text] Pyongyang, 27 Oct—The Korean NODONG SINMUN issued a commentary today refuting the idea of "recognizing reality on the Korean peninsula."

According to "recognizing reality on the Korean peninsula" the commentary said, the two regimes on the Korean peninsula should be recognized as two countries, and the North and South are required to establish relations so as to stabilize the present state of affairs on the Korean peninsula.

The commentary pointed out that the so-called "recognizing reality on the Korean peninsula" means recognizing the legalization of the present state of separation and recognizing the U.S. military occupation of South Korea. This is as dangerous as the "cross recognition" program.

Top U.S. officials have always objected to withdrawing U.S. troops from South Korea the commentary pointed out, adding that this would only result in the continuation of Korean separation and an aggravation of the tension on the Korean peninsula.

The commentary said that if the United States really hoped for peace in Korea, it should withdraw its troops and weapons from South Korea and stop creating "two Koreas."

SHIJIE ZHISHI Views Japan's Asian Policy

HK3110145088 Beijing SHIJIE ZHISHI
in Chinese No 20, 16 Oct 88

[Article by Tian Di (1131 0966): "Trends of Japan's Diplomacy Toward Asia"]

[Text] As the situation in several hot spots in Asia is improving, Japan has become very active in the Asian diplomatic arena. Having placed stress on the implementation of its strategy of "basing itself in Asia and heading for the world," Japan is stepping up its effort to build an "East Asian Economic Circle." This tendency has already drawn the attention of the media.

In recent years, Japan's foreign policy toward Asia has become a question of concern. Since Noboru Takeshita took office, Japan has been keen on playing a part in seeking political solutions to the problems in hot spots in Asia, while continuing to develop relations mainly with South Korea and the ASEAN countries.

Shortly after he assumed office, Takeshita paid a 2-day visit to South Korea to attend No Tae-u's "presidential" inaugural ceremony. During the visit, the two sides decided to set up a "Japan-Korea 21st Century Committee" and a "Japan-Korea Olympic Security Countermeasure Liaison Committee." Japan welcomed without delay and voiced its support for No Tae-u's "7 July Statement" on the reunification of South and North Korea.

When the Association of Southeast Asian Nations [ASEAN] held its third summit in Manila, the Philippines, in mid-December last year, Takeshita was the only head of government from a nonmember country to attend, by invitation, some of its meetings and to hold

talks with heads of ASEAN governments separately. After the summit, Takeshita paid a short visit to the Philippines. During the ASEAN summit Takeshita pledged to make contributions to the stability and development of the ASEAN. He talked repeatedly about his "theory of Asia as the birthplace," emphasizing the need to build a new partnership with ASEAN countries which he described as Japan's "natural allies" and putting forth some specific policies.

Japan extended a welcome to the Geneva agreement on the Afghan issue as soon as it was signed. In June, the Japanese government decided to provide \$5 million for the UN supervision group and send "nonmilitary personnel" to the Afghanistan-based UN "cease-fire supervision delegation." Also, Japan promised to provide \$200 million in aid to finance the first phase (1988-1989) of the Afghan economic revival program. This aid, accounting for one-sixth of the total amount needed for the program, made Japan rank first among other Western countries extending aid to Afghanistan.

With regard to the Iran-Iraq issue, Japan has claimed itself to be one of those countries which maintained close relations with both Iran and Iraq. In recent years, Japan has marched step by step from the backstage to the proscenium in persuading Iran and Iraq to cease fire. At the end of last year, Japan decided to grant funds to build facilities that will be conducive to navigation in the Gulf and, in this connection, made a special donation to the UN. After Iran accepted UN Resolution No. 598, Japanese Foreign Minister Sosuke Uno wrote to his Iranian counterpart to express his high appreciation of Iran's decision. On 9 August, Uno made remarks welcoming the fixing of the date for the cease-fire between Iran and Iraq, declaring that Japan would assist as far as it can in forming a UN supervision group for cease-fire and withdrawal of troops, the economic restoration of Iran and Iraq, and other international endeavors. Japan has also expressed appreciation of the decision that half of \$20 million appropriated to the UN this spring would be used to operate the supervision group.

As for the issue between Arab countries and Israel, Foreign Minister Uno this year visited Syria, Jordan, and Egypt, and, for the first time, set foot in Israel. He said he went there to hear the views of each side, elaborate on Japan's positions, and see what Japan could do to solve the Middle East problem.

As far as the issue of the Vietnamese invasion of Cambodia is concerned, Japan has been very active since last year. The Japanese Foreign Ministry put forth the proposal of the "Tokyo cocktail party" involving the participation of all the concerned sides including all the Cambodian parties, the ASEAN, and Vietnam in September last year. Then, in December the same year, at the third ASEAN summit, Takeshita changed his stand known to the world so far, which was characterized by Japan's indirect support for the Democratic Kampuchean Government. For the first time Japan declared it

would give as much support as it could to Sihanouk's efforts for a political solution to the Cambodian issue. During an enlarged ASEAN foreign ministerial meeting last July, Foreign Minister Uno elaborated on Japan's three principles on the Cambodian issue, namely, delegating an international supervision group and an international peacekeeping force to supervise the withdrawal of Vietnamese troops from Cambodia and the implementation of the cease-fire between different parties in the country; organizing a fair and free election to build a genuinely independent, neutral, and nonaligned Cambodia; and holding an international conference in which all parties concerned will be represented. Uno also showed the intention to provide funds to operate the international peace maintaining force and to send some officers to represent Japan in the international supervision organization. Japan has positively appraised the Jakarta unofficial talks on the Cambodian issue. Takeshita said support for a political solution to the Cambodian issue is the most important part of Japan's stance for peace and cooperation, and his country would take the initiative in extending cooperation to the efforts for the economic revival of Cambodia.

Japan suspended all economic aid to Vietnam after the Vietnamese invasion of Cambodia. On all diplomatic occasions Japan has maintained that Vietnam must withdraw its troops from Cambodia. However, some Japanese politicians affiliated to the ruling party have kept in contact with the Cambodian puppet regime, there have been exchanges of visits between Japanese and Vietnamese officials, and trade has continued to expand between Japan and Vietnam. The Japanese press concluded that this was out of consideration for Japan's future influence in the region.

While being actively involved in political affairs, Japan has made economic activities an important part of its diplomacy in Asia. Japan has been promoting economic cooperation which integrates financial aid, direct investment, and bilateral trade, in the hope of building up a multilevel regional economic structure with itself as the main force.

In recent years, many countries have criticized Japan and have more and more strongly urged Japan to make its due contributions to the world economy. A senior official of the Japanese government said that if Japan wants to implement a Japanese "Marshall Plan," it must provide more financial assistance to Asian countries and import more goods from them, especially more finished and processed products from those with greater competitive power.

Asia is Japan's major source of raw materials and market. It has given the hot spots a particular position in its general economic policy toward Asia. This has enabled it to avoid negative economic impact from these changeable hot spots while maintaining economic activities there, and has enhanced the integrity of Japan's

economic diplomacy in Asia. This year Japan has increased its investments in Asia and its imports from other Asian countries as well.

To take the challenge of the idea of free trade regions initiated by the United States and Canada and the unified European market to be set up by 1992, Japan has stepped up its program to build an "East Asia Economic Circle." In the wake of improvement of the situation in various hot spots in Asia, these hot spot countries are now facing the arduous tasks of economic reconstruction. One can now see that Japan's purpose in maintaining economic contacts with hot spot areas is to win more favorable conditions for further economic operations in the future.

Japanese public opinion believes that the government, in implementing its strategy of "basing itself in Asia and heading for the world" and taking the initiative in strengthening its diplomacy in Asia, intends to extend Japan's political influence and enhance its international status, thus paving the way for becoming a political power. Japan's purpose in maintaining close economic links with other Asian countries is to readjust the present economic structure, set up a new system for international division of labor, seek diversified economic and trade cooperation, and lessen Asian countries' dependence on markets in the United States and Europe, in anticipation of the advent of a "Pacific century" with Japan as the center of economic relations in Asia.

Changes in the international situation have provided a favorable environment for Japan to practice its Asian diplomacy, and world opinion appreciates some of the action conducive to peace and development taken by Japan in Asia's hot spot regions. However, as some Asian countries, including those "hot spots," have doubts about Japan's political and economic motives and are especially on the alert against Japan's increasing military strength, Japan's status and role in Asia will depend on how much it can contribute to Asia's prosperity based on the principle of equality and mutual benefit.

Japanese Household Goods Exhibition Opens
OW3110130188 Beijing XINHUA in English
0853 GMT 31 Oct 88

[Text] Beijing, October 31 (XINHUA)—Ni Zhifu, president of the All-China Federation of Trade Unions, met with Yoshiro Hoshino, president of Japan-China Technological Exchange Association, and his party here today.

Hoshino is leading a Japanese delegation for culture exchanges to visit China and also to attend the opening of a Japanese daily-use articles exhibition, which opened at the Beijing Hall for Technical Exchanges here earlier today. The exhibition, the first of the kind, is showing more than 3,000 pieces including garments, women and children's articles, furnitures and household tools.

Japanese women on the delegation also performed how to treat guests with tea and sweets at home.

Hoshino told Ni that the exhibition is aimed to acquaint the Chinese people with the life of ordinary Japanese families.

Ni expressed his hope the exhibition will help promote the production of daily-use articles in China and increase the exchanges and mutual-understanding of the workers of the two countries.

The exhibition is sponsored by the Chinese Workers' Centre for International Exchange and the Japan-China Technological Exchange Association, and four other units.

Sino-Japanese Cement Plant Planned in Dalian
OW3110185288 Beijing XINHUA in English
1506 GMT 31 Oct 88

[Text] Beijing, October 31 (XINHUA)—An agreement has been initialed to set up a Sino-Japanese cement plant in Dalian City, involving a total investment of over 500 million yuan (about 130 million U.S. dollars), a senior official said here today.

Some 51 percent of the investment in the joint venture will be provided by Japan, and the production capacity is estimated at 4,000 tons a day, said Deputy Director Wang Yanmou of the State Bureau of Building Materials Industry.

Speaking at the third annual Sino-Japanese conference on building materials exchanges, Wang said that since 1978 China has imported over 160 sets of equipment or technology for the building materials industry.

Meanwhile, the export volume of Chinese building materials to Japan has been soaring.

According to recent statistics, building materials exported to Japan made up 40 percent of China's exports in this line last year.

It is estimated that Japan imported 85 percent of the talcum for its building industry from China.

Tamori Eiichi, a senior official from the Japanese Ministry of International Trade and Industry, said that cooperation between Japan and China is beneficial to both sides as Japan lacks building materials resources while China is abundant in these materials.

At the three-day conference, which opened today, over 50 Japanese and 70 Chinese entrepreneurs will discuss the possibilities of furthering their cooperation with respect to investment and technology.

Shanghai's Zhu Rongji Meets Japanese Group
OW0111103288 Shanghai City Service in Mandarin
2300 GMT 23 Oct 88

[Excerpt] In a meeting with an investment environment study group from Japan led by (Seisaburo Ishiura), president of the Kogyo Bank of Japan, Shanghai Mayor Zhu Rongji said: Shanghai has achieved initial results in improving its investment environment and hopes Japanese entrepreneurs will invest in Shanghai.

Mayor Zhu Rongji said: The Japanese investment environment study group has arrived in Shanghai at the right time. We wish to extend our thanks to the Japanese Ministry of International Trade and Industry for organizing the study group. At present, Japan ranks third behind the United States and Hong Kong in investments in and trade with Shanghai. This is not commensurate with Japan's economic status.

Mayor Zhu Rongji said: Shanghai has made great headway in improving its infrastructure and facilities for investment in the past several years. Program-controlled telephones are increasing at a rate of over 100,000 per year. Regarding software for investment, Shanghai has achieved initial results in conducting businesses according to international practices. Direct investments from foreign investors in Shanghai amounted to US\$258 million in the first 9 months of this year, surpassing that of the whole year of 1987. Besides, investments in industrial projects have increased by a large margin. Construction of five major urban infrastructure projects with loans from foreign governments and international finance organizations has sped up.

Mayor Zhu said: Shanghai's investment environment is continuously improving. Of course, there are still many shortcomings and problems. We welcome the criticism from our Japanese friends in this regard and will immediately correct our shortcomings. We hope that, after your return to Japan, the gentlemen of the delegation will introduce Shanghai's investment environment to the Japanese entrepreneurs. Shanghai sincerely welcomes the investments of Japanese entrepreneurs in Shanghai.

The 87-member investment environment study group is composed of high-ranking and influential persons from Japan's entrepreneurial circles and is the largest Japanese economic and trade delegation to visit Shanghai in recent years. [Passage omitted]

Sino-Japanese Oil Technology Conference Held
OW0111135388 Beijing in Japanese to Japan
0930 GMT 31 Oct 88

[Text] The Fifth Technological Exchange Conference for Sino-Japanese Oil Projects ended recently in Jiaozhou City, Shandong. More than 100 Chinese and Japanese experts and scholars participated in the meeting. They exchanged views on the construction contract system

and management of oil projects, enterprise management strategy, and information management. The latest trend in world management techniques and economic technology was also discussed.

This technological exchange activity was jointly suggested by China Oil Project Construction Company and the Japanese Association for the Promotion of Construction Technology and has been held annually for 4 years. Since 1984, exchanges have been held concerning construction technology for giant storage tanks, a guarantee system for foreign construction firms, and technology for dealing with soft foundations in shallow sea or marshland. These exchanges have promoted cooperation in the fields of international construction contracts and technological transfer.

Southeast Asia & Pacific

Phnom Penh's Hun Visits Hanoi Enroute to Paris
OW0211055988 Beijing XINHUA in English
0832 GMT 1 Nov 88

[Text] Hanoi, November 1 (XINHUA)—Phnom Penh regime Premier Hun Sen "stopped over" in Hanoi Monday [31 October] on his way to Paris for his third round of talks with Prince Norodom Sihanouk in early November.

Vietnamese official newspapers reported today that Hun was received by party General Secretary Nguyen Van Linh and other party and state leaders.

Nguyen reaffirmed Vietnam's "solidarity and support" for Phnom Penh's stance in the settlement of the Kampuchean issue.

Nguyen expressed the hope that the talks between Hun and Sihanouk would "obtain satisfactory results which would help to bring about a correct political solution to the Kampuchean issue in response to the aspiration and interests of the Kampuchean people, and peace in Southeast Asia."

Hun also held talks with Lao leader Kaysone Phomvihane in Vientiane during a 2-day visit to Laos on October 27 and 28.

Thailand Denies Skimming U.S. Aid to Cambodia
OW0211022288 Beijing XINHUA in English
0738 GMT 1 Nov 88

[Text] Bangkok, November 1 (XINHUA)—The Thai military has denied a report in "THE WASHINGTON POST" on Sunday [30 October] that it skimmed 3.5 million U.S. dollars from 12 million U.S. dollars aid to noncommunist Kampuchean resistance.

General Sunthon Khongsomphon, chief of staff of the Royal Thai Armed Forces, last night flatly denied the accusations, saying that "corruption is impossible" and "the news reports are untrue."

The funds are closely monitored by U.S. and Thai officials, and the personal use of such huge sums is impossible, he said.

Sunthon said that the report has done considerable damage to the Thai military.

Meanwhile, a spokesman of the Supreme Command of the Royal Thai Armed Forces was quoted by the local paper as saying yesterday that the report is "irresponsible" and aimed at hurting the prestige of the Thai Armed Forces.

"We have double-checked the newspaper report and found out that there is no basis for the published story," he said.

A Thai Foreign Ministry source said the military has nothing to do with and does not handle any of the aid given to the noncommunist Kampuchean resistance.

The source claimed not to know anything about the 12 million U.S. dollars in covert aid reported by THE WASHINGTON POST.

Near East & South Asia

Bangladesh President Ershad Begins China Visit

Receives 'Warm Welcome'

BK0111134088 Dhaka Overseas Service in English
1230 GMT 1 Nov 88

[Text] Bangladesh President Hussain Mohammad Ershad was given a warm welcome when he arrived in Beijing this afternoon on a 2-day official working visit to China at the invitation of President Yang Shangkun. During the visit, the Bangladesh president will exchange views with Chinese leaders on possible bilateral cooperation in preventing floods in Bangladesh.

On arrival at the Beijing international airport by a special flight of Bangladesh Biman, he was warmly received by the Chinese Minister of Water Conservancy Yang Zhenhuai. [position as heard] Also present at the airport to receive the distinguished guest from Bangladesh were Chinese Vice Minister for Foreign Affairs Liu Shuqing and other Chinese dignitaries, including high civil and military officials.

From the airport, the Bangladesh president drove in a ceremonial motorcade to the Diayutai state guest house where he will be staying during his 2-day visit. After arrival at the state guest house, President Ershad

exchanged views with some senior Chinese experts on water conservancy and watched a video show on China's efforts in flood control and prevention.

Meets Yang Shangkun

OW0111162288 Beijing XINHUA in English
1547 GMT 1 Nov 88

[Text] Beijing, November 1 (XINHUA)—China has every sympathy for Bangladesh because of its catastrophic flood this year, Chinese President Yang Shangkun said here today.

At a banquet in honor of President of Bangladesh Hussain Mohammad Ershad this evening in the Great Hall of the People, Yang expressed his conviction that the Bangladesh people will surely overcome their difficulties.

Ershad and his party arrived here this afternoon by special plane for a two-day working visit to China. His main aim is to share experience with the Chinese side on fighting floods and providing disaster relief.

Yang said that the flood this year brought heavy losses to the Bangladesh economy and to the lives and property of its people.

The Chinese people, Yang went on, were deeply impressed by the concerted efforts of all the Bangladesh people in fighting the flood, providing disaster relief and helping rebuild their homeland, and particularly by Ershad's effort to travel to the disaster areas to take personal charge of the relief operation.

He held that the Chinese people fully understand, sympathize with and support Ershad's positive proposals concerning stemming and preventing floods.

Yang noted that the Chinese people are confident that under Ershad's leadership, with international aid and assistance, as well as regional cooperation in South Asia, Bangladesh will be able to overcome any calamities and difficulties it is faced with as long as the country unites and relies on its own people, and carries forward its self-reliant spirit.

Ershad said that the Bangladesh people were deeply touched by the moral and material assistance that the Chinese people extended to the victims of the floods.

His government and people will always remember the gracious gesture of the Chinese government and people, Ershad said.

He noted that he had come to seek from friends a long-term solution to the recurring and disastrous floods in Bangladesh, and expressed his conviction that with

the background of the longstanding traditional friendship between the two peoples, the Bangladesh people will, in their endeavors, receive unstinted cooperation from the Chinese Government and people.

Present at the banquet were Bangladesh Minister of Irrigation, Water Development and Flood Control Anisul Islam Mahmud and Minister of Planning A.K. Khandoker.

Chinese Minister of Water Resources Yang Zhenhuai also attended the banquet.

Prior to the banquet, Yang had a cordial meeting with President Ershad.

Ershad said the Bangladesh people regard the Chinese people as reliable friends. He thanked China for providing his people with disaster relief materials and for sending helicopters to help during the disaster.

He noted that this represented the first time China had sent helicopters to help people fight disasters in foreign countries. The Bangladesh people will always remember this, he said.

Yang said that this was a natural gesture on the part of China.

After Ershad and his party arrived here earlier today, they watched video tapes of how the Chinese people fight floods and provide disaster relief. They also held discussions with Yang Zhenhuai.

Meets, Feted by Li Peng

OW0211120888 Beijing XINHUA in English
1127 GMT 2 Nov 88

[Text] Beijing, November 2 (XINHUA)—Chinese Premier Li Peng and visiting Bangladesh President Hussain Muhammad Ershad today discussed the possibility of cooperation between their countries in water conservation and flood control.

During their meeting, which is said to have taken place in a "very cordial atmosphere" here this morning, Ershad briefed the Chinese premier in detail on the catastrophic floods Bangladesh has suffered since the beginning of this year. He showed Li a videotape of the floods and the government's flood control efforts.

While studying ways of reducing and preventing floods, the Bangladesh Government is also searching for short-term measures of harnessing water and long-term measures for bringing the flood problem under permanent control, Ershad told Li.

The president expressed Bangladesh's readiness to learn from China's experience in flood control, including its years of experience in harnessing the Yellow River.

Li Peng said China also suffers from frequent floods and has a long history of battling flood conditions.

"We understand Bangladesh's predicament with floods," Li said. "And we express our profound sympathy for the Bangladesh people in this regard."

Li then briefed the Bangladesh president on China's efforts in harnessing its rivers and preventing floods, saying the country has always considered controlling the Yellow and Yangtze Rivers as an important task.

Through years of battling floods, China has gained some experience in building dams on rivers and dikes in areas with lakes and deltas, he said.

"Of course" Li explained, "the experience is based on China's specific conditions and might not entirely fit conditions in Bangladesh." However, Li said, experts from Bangladesh are welcome to make inspection tours of China, if their government wishes them to do so.

"We are willing to cooperate in the exchange of flood control and water conservation technology with Bangladesh," Li said.

Li also briefed Ershad on the hydrologic and meteorological conditions of China's Yarlung Zangbo River—the upper reach of the Brahmaputra River running from India to Bangladesh.

At the request of Bangladesh, Li said, China agreed to set up a Sino-Bangladesh joint group of experts to exchange experience in flood control.

During the meeting, Premier Li, on behalf of the Chinese Government, extended a warm welcome to the Bangladesh president. He said Ershad's current working visit will undoubtedly make the "existing friendly cooperative relations" between the two countries even closer.

Ershad said Bangladesh and China are good friends. The economic cooperation between the two countries is progressing smoothly and improving steadily. He added that Bangladesh is willing to make further efforts to develop and broaden economic and trade ties between the two countries.

Li Peng said that "We are willing to further strengthen the friendly cooperation between China and Bangladesh in economic, trade, technological and other fields."

President Ershad invited Premier Li Peng to visit Bangladesh, and his invitation was promptly accepted by the Chinese premier. Details of the visit will be arranged through diplomatic channels.

After the meeting, Li Peng hosted a banquet in honor of President Ershad and his party.

Joint Communiqué Issued

OW0211120488 Beijing XINHUA in English
1119 GMT 2 Nov 88

[Text] Beijing, November 2 (XINHUA)—China and Bangladesh have agreed to set up a joint expert group to explore the possibilities of conducting cooperation between the two countries in flood control and water conservancy.

This is revealed in a China-Bangladesh Joint Press Communiqué released just before Bangladesh President Hussain Muhammad Ershad ended his two-day working visit to China this afternoon.

According to the communiqué, Ershad briefed the Chinese leaders on the situation and causes of the flood in Bangladesh and the Bangladesh side's proposal and ideas concerning flood control.

In view of the geographic conditions, the communiqué said, the Bangladesh side deemed it highly necessary to carry out regional cooperation in flood control in the region.

The communiqué said that the Chinese side expressed deep sympathy and concern for Bangladesh over its heavy loss of life and property caused by the catastrophic flood, and China fully understood and supported the positive efforts in flood control made by President Ershad.

Sub-Saharan Africa

Tanzania Inaugurates 'Chinese-Built Coal Mine'

OW0211054388 Beijing XINHUA in English
0113 GMT 2 Nov 88

[By Liu Yegang]

[Text] Dar es Salaam, November 1 (XINHUA)—Tanzanian President Ali Hassan Mwinyi inaugurated his country's first coal mine in southern region of Mbeya today, thanking China for its "non-political and unconditional" assistance to Tanzania.

The Chinese-built coal mine, with an annual production capacity of 150,000 tonnes of raw coal, was completed last month, three months ahead of schedule. Construction of the mine started in 1982.

At the hand-over ceremony, President Mwinyi said that Tanzania treasures a great deal of the friendship and economic cooperation with China, adding that the Chinese aid "is to help Tanzania realize genuine self-reliance."

He pointed out that the inception of commercial production of coal was a great achievement in the country's efforts to seek alternative and cheaper sources of energy.

The first coal industry, he said, would offer employment of about 1,500 people and enable the country to reduce the use of firewood now estimated at 40 million cubic metres per annum.

Officials in the Ministry of Energy and Minerals told XINHUA recently that the coal mine will enable Tanzania to save more than three million U.S. dollars annually from oil imports. Tanzania spends more than 60 percent of its foreign exchange earnings to import oil.

The president gave instructions to factories in the region such as cement, tea and textile mills to start using coal immediately so as to save foreign exchange for oil import.

The project, constructed under a financial and technical assistance from the Chinese Government, is the second largest investment made by China after the prestigious Tanzania-Zambia Railway (Tazara)

A Chinese Government delegation led by Assistant Minister of Foreign Economic Relations and Trade Wang Wendong arrived in the country on October 28 to attend the hand-over ceremony. President Mwinyi received the delegation in Mbeya today.

West Europe

Further Reportage of Visit by FRG's Genscher

Attends Institute Opening

OW0111131188 Beijing XINHUA in English
0847 GMT 1 Nov 88

[Text] Beijing, November 1 (XINHUA)—The Beijing branch of Federal Germany's Goethe-Institute officially rolled out here today, with visiting Federal Vice-Chancellor Hans Genscher on hand to unveil its mark board. [sentence as received]

Addressing the inauguration ceremony, Genscher, also Federal Germany's foreign minister, said the establishment of the Goethe-Institute's Beijing branch turned a new page in the annals of cultural relations between China and his country.

Genscher reviewed the centuries-old cultural exchanges between the German and Chinese people. He also expressed hope that China will set up a similar branch institute in Federal Germany.

"The two countries' exchanges and cooperation in the fields of culture and education have achieved satisfying results in recent years," He Dongchang, Chinese vice-minister of the State Education Commission, said in his speech, adding that the setting up of the branch institute will help promote such cooperative relations.

The Goethe-Institute's Beijing branch has already opened two courses, one in basic German and the other for intensive study, according to Michael Ackermann, director of the branch institute.

Ackermann also expressed the belief that his will be one of the "most unique" branches of the Goethe-Institute, which has set up some 140 branches around the world.

Meets Zhao Ziyang, Li Peng

OW0111145388 Beijing XINHUA in English
1429 GMT 1 Nov 88

[Text] Beijing, November 1 (XINHUA)—Chinese leaders Zhao Ziyang and Li Peng reiterated here today that China's decision to improve the situation of its economy and straighten out the economic order in the next two years will not affect its economic cooperation with foreign countries.

In their separate meetings with Vice-Chancellor and Minister for Foreign Affairs of Federal Germany Hans-Dietrich Genscher this afternoon, General Secretary of the Chinese Communist Party Central Committee Zhao Ziyang and Premier Li Peng of the State Council exchanged views on the international situation, bilateral relations and China's economy.

Zhao noted that the economic readjustment is not meant to change China's reform and open policy, but represents some revisions in terms of steps and measures.

Speaking of bilateral relations, Zhao said he agreed with Federal Chancellor Helmut Kohl and Genscher on the idea that both should take a long-term point of view with regard to the bilateral ties.

The two countries, Zhao went on, should establish a long-standing, stable and all-round relationship.

Li Peng said that China has always enjoyed good relations with Federal Germany. He expressed the hope that these ties should continue and be consolidated.

Genscher, who is visiting China for the fifth time, said that his government holds the same view in developing bilateral relations.

The bilateral ties are marked by constant progress and no setbacks, he said, adding that his current visit has proved this.

Genscher stressed that the businesses of Federal Germany are interested in developing long-term cooperation with China.

On the current international situation, Zhao and Genscher agreed that the detente that has recently emerged is beneficial to all, and efforts should continue in this regard.

The two Chinese leaders asked Genscher to convey their cordial regards to Chancellor Kohl.

Present on both occasions was Chinese Foreign Minister Qian Qichen.

Calls Visit 'Success'

OW0111134088 Beijing XINHUA in English
1326 GMT 1 Nov 88

[Text] Beijing, November 1 (XINHUA)—The three-day China visit is "a great success", said Hans-Dietrich Genscher, visiting Federal vice-chancellor and minister for foreign affairs of Federal Germany, here today.

At a press conference this evening, Genscher said he had extensive and in-depth discussions with Chinese leaders on bilateral relations and on international issues of common concern during his visit.

Both sides shared identical views on many issues including those on Sino-Soviet relations, the Kampuchea question and on the development of the European Community, Genscher added.

Federal Germany, he continued, deems that the improvement of Sino-Soviet ties tallies with the interests of the international community, and is conducive to the world peace and stability.

Genscher, who is on his fifth visit to China, is scheduled to leave here for home tomorrow morning.

FRG Company To Train Chinese Technicians

OW0211075588 Beijing XINHUA in English
0645 GMT 1 Nov 88

[Text] Beijing, November 1 (XINHUA)—The Beijing Municipality and Siemens AG Company of Federal Germany will jointly train Chinese technicians in Beijing from 1990 in a new center for which the foundation stone was laid Monday [31 October].

The center will be located in Chaoyang District in eastern Beijing. Work is expected to be completed by September 1990.

The Beijing Technical Exchange and Training Center will have a total area of about 53,000 square meters including lecture rooms, information halls and apartment buildings for both teachers and students.

Siemens will provide complete sets of teaching facilities and textbooks. The company has agreed to train 52 teachers, of which six have already been sent to Germany.

The center is expected to train about 2,000 technicians a year. Subjects covered will include the use of electronic medical instruments, microcomputer technology, public telecommunications, and information and data processing.

The center will be the largest one that Siemens has set up in different countries in the world.

Gu Mu Meets Netherlands Delegation
OW3010211288 Beijing XINHUA in English 1306 GMT 30 Oct 88

[Text] Beijing, October 30 (XINHUA)—Gu Mu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met and feted here this evening a delegation from the Dutch Socio-Economic Council led by its chairman Th. Quene. [name as received]

Gu said recent years have seen new development in the friendly relations of cooperation between China and the Netherlands in various fields. He expressed the belief that the delegation's current visit will help further the friendly ties.

Founded in 1950, the Dutch council is comprised of scholars, specialists, entrepreneurs and trade union leaders. It is an important consulting body of the Dutch Government.

The visitors are here as guests of the CPPCC.

Latin America & Caribbean

Uruguayan President Leaves for Week-Long Visit
OW0211082288 Beijing XINHUA in English 0725 GMT 2 Nov 88

[Text] Montevideo, November 1 (XINHUA)—Uruguayan President Julio Maria Sanguinetti left here today for a one-week official visit to China at the invitation of the president of the People's Republic of China, Yang Shangkun.

Sanguinetti said at the international airport of Carrasco that his visit was aimed at seeking "rapprochement" with China, and a widening of "the ground for relations."

The president's party included his wife, Professor Marta Canessa, the president of the Supreme Court of Justice, Rafael Addiego Bruno, Foreign Minister Luis Barrios Tassano, Economic and Finance Minister Ricardo Zerbino, as well as lawmakers and about 70 businessmen.

This is the first time the Uruguayan president has visited China since the two nations established diplomatic relations in February this year.

Minister on Increased Peruvian Trade Relations
OW0211090388 Beijing XINHUA in English 0850 GMT 2 Nov 88

["China, Peru Want Greater Bilateral Economic Relations"—XINHUA headline]

[Text] Lima, November 1 (XINHUA)—The visiting Chinese minister of foreign economic and trade relations, Zheng Tuobin, said here today that China wishes to develop even more economic relations with other countries and that he wants to take advantage of the opportunity to talk about further development of relations between China and Peru.

Zheng's comments came at his meeting with the president of the Foreign Trade Institute of Peru (ICE), Enrique Cornejo Ramirez.

The president of the ICE declared that the two countries are on very good terms politically and that the leaders of both countries have shown a willingness to specifically address the issue of developing bilateral relations in a way that can make them more fruitful.

He said that in the last few years trade relations between the two countries have grown a great deal. Nevertheless, he said, trade still has not reached a level appropriate to the economic potential of the two countries, and he pointed out, therefore, the need for mutual efforts to increase bilateral trade.

At the meeting, Cornejo Ramirez gave a brief summary of his country's economic situation and the development of its foreign trade. The Chinese delegation headed by Minister Zheng Tuobin arrived here at noon today on a two-day official visit.

The Chinese minister and the Peruvian foreign minister will, on behalf of their respective governments, sign a "Basic Economic and Technical Cooperation Agreement" between the two countries on November 2.

Bolivian Military Officials Feted in Beijing
OW0211092188 Beijing XINHUA in English 1512 GMT 1 Nov 88

[Text] Beijing, November 1 (XINHUA)—Xu Xin, deputy chief of general staff of the Chinese People's Liberation Army (PLA) hosted a banquet here this evening in honor of Gral. de Ejercito Romulo Mercado Garnica, commander of the Bolivian Army, and his wife.

In their toasts, both Xu and Mercado expressed their satisfaction over the development of the friendly relations between the two countries' armies.

Also in the evening, Commander of the PLA Air Force Wang Hai hosted a dinner in honor of Gral. de Fza. Ae. Guillermo Escobar Uhry, commander of the Bolivian Air Force.

Earlier today, Xu and Wang presided over welcoming ceremonies for the Bolivian guests on separate occasions.

Spokesman Hails Latin American Summit

*OW0111132588 Beijing XINHUA in English
1306 GMT 1 Nov 88*

[Text] Beijing, November 1 (XINHUA)—China expressed today its congratulations on the success of the second summit of the eight-nation group in Latin America held recently in the Oriental Republic of Uruguay and its wishes for continued progress in the cause of the unity and cooperation among the Latin American countries, said a Chinese Foreign Ministry spokesman here today.

"The summit will undoubtedly produce a positive influence on the cause of promoting peace and development in Latin America," the spokesman said.

During the summit of Punta del Este, the spokesman said, participants discussed regional peace, security, development, democracy and other issues and issued the "Uruguay Declaration."

The participants once again expressed their strong desire of the Latin American countries to safeguard their just rights and interests, develop their national economy, promote the regional integration process, and find a rational solution to the debt problem and a peaceful solution to the conflict in Central America.

Li Peng Chairs State Council Executive Session
OW011193788 Beijing XINHUA Domestic Service
in Chinese 0809 GMT 1 Nov 88

[Text] Beijing, 1 Nov (XINHUA)—Premier Li Peng presided over the 24th executive meeting of the State Council this morning, which examined and adopted in principle a "State Council Decision (Draft) on Strengthening Management of Steel Products."

Steel products are important means of production. China's output of steel products has risen rapidly in recent years. The state has carried out a major reform of planned management of steel products, giving more decisionmaking power to steel enterprises and opening up the market to allow more steel products of different varieties to enter. These reform measures have contributed to the circulation and production of steel products and ensured the steady growth of the national economy. However, at the same time, market disorder caused by profiteering resale and skyrocketing prices has seriously affected economic stability and the deepening of the reform.

To restore order in the circulation of the means of production, a relevant State Council department conducted surveys in Shenyang, Wuhan, Chongqing, and Jiangsu and invited the responsible persons of the goods and material bureaus of a number of provinces and cities as well as the responsible persons of the Anshan Iron and Steel Company, the Shoudu Iron and Steel Company, the Wuhan Iron and Steel Company, and the Taiyuan Iron and Steel Company to a forum to discuss the problems. Based on the in-depth investigation and study and the solicited views, the department drafted the decision and submitted it to the executive meeting of the State Council for examination. The decision was aimed at further strengthening management of steel products through planning and market forces, promoting their production, and stabilizing the steel market to ensure that the country's production and construction needs are met.

The draft decision will be promulgated by the State Council after it is revised on the basis of the views presented at the executive meeting.

Ten members of the executive meeting of the State Council attended today's meeting. Three members were absent on official business.

NPC Standing Committee on Economic Environment
OW011154888 Beijing XINHUA in English
1529 GMT 1 Nov 88

[Excerpts] Beijing, November 1 (XINHUA)—The principle of "improving the economic environment and rectifying the economic order to deepen the economic reform" is necessary to control inflation and price rises, members of the Standing Committee of the Seventh National People's Congress (NPC) said here today.

At the fourth meeting of the committee, they said that the NPC should ensure the implementation of the principle set up by the third plenum of 13th Central Committee of the Chinese Communist Party by enforcing its authority by means of legislative and functional supervision.

The fundamental way to rectify the existing confusion in China's economic area is to vitalize the economy from the lowest levels while exercising overall control, they said.

They pointed out that it is necessary to adopt effective measures to stop officials from engaging in business, especially covert business activities, set up a permanent body for price checking, and strengthen control of the financial circulation channels and those of foreign currency. [passage omitted]

Committee member Yi Meihou said that during the process of improving the economic environment, the party organizations should exercise strict control over their membership organs and party members should take the lead in implementing the party's resolutions. [passage omitted]

Panel Discussions Held

OW0111212288 Beijing XINHUA Domestic Service
in Chinese 1346 GMT 1 Nov 88

[By reporter He Ping]

[Excerpts] Beijing, 1 Nov (XINHUA)—At the group discussions held today, members of the Seventh NPC Standing Committee attending its fourth meeting spoke on the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. The consensus is that the plenary session has adopted realistic and timely principles and policies for improving the economic environment, rectifying the economic order, and deepening the reform in all fields, and that these principles and policies have popular support and are very important.

Committee member Zhaxi Wangqun said: The overall situation in China's decade-long reform has been good, and its achievements have been remarkable. However, there are many difficulties and obstacles on our road of advance. In recent years, we have seen an overheated economy, inflation, and an excessively large scale of capital construction. The national economy has been disrupted by wanton price hikes, panic purchasing of goods, "official profiteering," and other problems. If these problems are not solved promptly, the destabilizing factors can aggravate. Despite the problems on our road of advance, I am convinced that so long as the whole party and the Chinese people of all nationalities work with one heart and one mind and proceed with everything from the overall situation of improving the environment and rectifying the order, China's construction will advance in a wholesome manner, and its reform will surely be deepened. [passage omitted]

Committee member Chen Shunli said: The guidelines of the 3d Plenary Session of the 13th CPC Central Committee are very inspiring. However, the people still have misgivings and cannot rest assured. "Official profiteering" should not only be given economic disciplinary measures but also be severely punished according to the laws and party and government discipline so as to foster healthy tendencies, eliminate evil, and encourage the people to fight bravely against unhealthy practices.

Committee member Deng Jiatai said: It is necessary to strengthen the party Central Committee's centralized unified leadership and overcome the tendency of individual leading bodies or cadres acting in their own ways. It is also necessary to reinforce discipline, which is our fine tradition as well as a powerful weapon for uniting the people to conquer enemies. Problems cropping up in the economic work and other fields in recent years have been caused mainly by subjective oneness in our thinking.

Committee member Li Yining said: The improvement of economic environment should not be considered as conflicting with the deepening of reform, and slowing down the pricing reform does not mean that the reform is stopped. We should be aware of this: The reform of enterprises is being deepened; the reform of labor and employment system is being accelerated; the housing reform is being promoted vigorously; and the strengthening and improvement of macroeconomic regulation and control is also an important component of our reform. Therefore, our reform has not stopped, but has developed in breadth and depth. The economic structural reform is a comprehensive reform involving various areas, and it should not be regarded as merely lifting the control of prices.

Committee member Tao Dayong said: At the root of improving the economic environment and rectifying the economic order is the adoption of effective measures to duly punish lawbreakers without exception. Committee member Zhang Chengxian said: It is necessary to give play to the supervisory role of people's congresses at various levels in improving the economic environment and rectifying the economic order, and to adopt tough measures to support relevant departments in investigating and punishing cases of abusing powers and violating law and discipline.

Greater Supervision Called For

OW0211125488 Beijing XINHUA in English
1232 GMT 2 Nov 88

[Text] Beijing, November 2 (XINHUA)—Members of the National People's Congress Standing Committee have called for greater supervision by the mass media of current efforts to improve China's economy.

In their discussions on economic reform, members attending the current fourth meeting of the Seventh NPC Standing Committee also criticized economic disorder and corruption in government.

The serious corruption of some party and government officials has directly affected the once-close relations between the party, the government and the people, hampered party prestige, and dampened the enthusiasm of workers, peasants and intellectuals, the members said.

This sad state of affairs, they said, threatens the consolidation of economic gains made as a result of the reforms during the past ten years.

The delegates agreed that all government institutions should report the results of their implementation of government policies to the National People's Congress Standing Committee.

The media should support government efforts to restructure companies, cut construction spending, and mitigate price hikes, members said, adding that they should also keep a closer eye on potential corruption on the part of government employees.

Delegates also agreed that more stringent measures are needed to check the current practice of inadequate implementation of laws and regulations. For example, they said, the country's Auditing Administration and Supervision Ministry should be made responsible to the National People's Congress rather than the State Council.

Everyone should be equal before the law, party and administrative discipline—without exception—they insisted.

It is also necessary to develop education, science and technology as an important component in improving the economic environment. The role of the mass media in this respect is also very important, they said.

Trade Unions To Undergo 'Drastic Changes'

OW0211083988 Beijing XINHUA in English
0756 GMT 2 Nov 88

["Trade Unions Set To Shake Off 'Official Tinge'"—XINHUA headline]

[Text] Wuhan, November 2 (XINHUA)—For the first time since the founding of New China in 1949, trade unions in China are undergoing drastic changes that are expected to rid themselves of all official interference.

Elements of Western trade unionism, such as the representation system, are being incorporated into the ongoing trade union reform program, which started on a trial basis in Wuhan, Xian and five other major cities this summer.

Under the program, members of provincial and municipal trade union councils are to be elected by representatives from district- and county-level union organizations, which in turn will be elected by unions at the grass-roots level.

National trade union leaders will be elected on the same representation principle and for a limited term of office.

Leaders of trade union organizations at all levels will be elected directly by trade union representatives or trade union members, who can also dismiss the elected leaders, the official said.

Trade union organizations at all levels will operate in accordance with the union constitution and regulations after the designation system is replaced by the representation system.

A top official of the All-China Federation of Trade Unions said recently that trade unions in China are tainted with "a strong official and administrative color" and have long been "a party and government subsidiary" due to leftist influences.

"The trade unions have not fulfilled their social functions very well and have more or less become separated from the masses," he added.

National Procurators Conference Opens 1 Nov
OW0211073388 Beijing XINHUA Domestic Service
in Chinese 1209 GMT 1 Nov 88

[By reporter Chen Yan]

[Text] Beijing, 1 Nov (XINHUA)—A national forum of procurators opened in Beijing today. Liu Fuzhi, Supreme People's Procuratorate procurator general, said at the meeting that procuratorates at all levels must give top priority in the battle against economic crime to the struggle against graft and bribery. At present all procuratorates should focus their efforts on this task.

Liu Fuzhi said: Graft and taking bribes are the worst of all forms of corruption. They hurt the integrity of party and government organizations, disrupt normal economic order, hamper the development of social productive forces, and obstruct the smooth progress of the four modernizations.

Liu Fuzhi said that graft and taking bribes are rampant, which is borne out by the results of the recent 3 months of reporting work. He noted: In the past 3 months there have been 2,156 reporting centers set up across the country and over 47,000 leads have been followed and worked on, of which more than 17,000 dealt with graft and taking bribes. We have secured evidence for and filed and investigated on some 1,600 such cases. More than 520 people were arrested and scores of those involved in major graft, who pocketed monies ranging from 100,000 to 200,000 yuan, were brought to light. Over 13,000 of those suspected of graft and taking bribes were state personnel, of which some 4,700 were CPC members and more than 900 were cadres at department level or above. Most of these cadres were in charge of personnel, funds, and materials, with authority in various units.

Liu Fuzhi also noted: In the first 8 months of this year there were 11,026 corruption cases and 3,062 bribe-taking cases filed and investigated, for a total of 14,088 cases, or 63.32 percent of all economic cases filed and investigated during the same period. He also said that since 1982 procuratorates at all levels have investigated and prosecuted 120,000 graft and bribe-taking cases in the battle against economic crime.

Liu Fuzhi pointed out: A massive number of facts show that graft and taking bribes are serious crimes and cause great harm. The people hate these crimes, and we must not treat them lightly. At the same time, he also pointed out that after all, those guilty of graft and bribe takers are very few among state personnel.

Liu Fuzhi asked procuratorates at all levels to do a remarkable job during this winter and next year in bringing the incidence of graft and taking bribes down to a minimum, as required by the central authorities. He asked procuratorates at all levels to closely coordinate with discipline inspection commissions; departments of supervision, auditing, industry and commerce, taxation, and customs; and public security, court, and judicial organs to fulfill this mission.

While explaining the major points of the work plan for the year of 1989 at the meeting, Zhang Siqing, Supreme People's Procuratorate deputy procurator general, stressed that it is necessary to investigate and prosecute as many cases as possible, especially major cases, in the campaign against graft and bribery. He suggested: Procuratorates at all levels must continue to adhere to the principle of stern punishment according to law and focus on investigating and prosecuting major graft and bribe-taking cases involving 10,000 yuan or above. They should seek out leads, examine and investigate, and speed the closing of cases. Leading cadres should take the lead in handling cases. Procurators and deputy procurators at all levels should be directly in charge of and handle some major cases. They should take the initiative to push the campaign against graft and bribery.

Zhang Siqing said: The campaign against graft and bribery is a long-term task. We must cultivate and train a number of higher level experts to fight graft and bribery. They must not only be familiar with laws and policies but also understand and familiarize themselves with economic work and economic laws and policies. He said: An expert investigating graft and bribery must first be an expert in economic work.

Over 150 procurators from 30 provinces, autonomous regions, municipalities, and cities with independent economic decision-making power and representatives from concerned central units attended the meeting.

Literary, Art Circles Expecting 'Second Spring'

Hu Qili To Address Congress

HK0211054388 Hong Kong HONGKONG STANDARD
in English 2 Nov 88 p 6

[By Tammy Tam]

[Text] China's literary and art circles are expecting a "second spring."

The fifth National Congress of China's Federation of Literary and Art Circles will open on November 8 after a delay of nine years, an organizer of the meeting told THE HONGKONG STANDARD yesterday.

Mr Wu Zhuqian, a prominent writer and one of the three congress organizers, said the convention would aim at creating a more open environment for the circles as the fourth congress had done.

"The party secretary-general Mr Zhao Ziyang has been very concerned about this congress. He gave some instructions on the literary and art development two months ago," Mr Wu said.

Mr Zhao had said that the fifth congress should be a united congress which should look forward instead of backward, and encourage writers and artists to take more initiative in promoting China's cultural development.

He also said party leaders should not criticize a specific artistic work because that was too sensitive. Literary criticism should be done by professional critics and theorists, he added.

According to Mr Wu, major issues on the congress agenda would include future cultural development trends and reform of the circles.

The meeting is held every five years, but for various reasons, the fifth congress has been postponed four times.

Over the past nine years, China's literary and art circles had been through a number of political clampdowns such as the unpopular "anti-spiritual pollution" and "anti-bourgeois liberalisation" movements.

"We are very happy that the congress can open finally. That means the situation has improved to a certain extent. We hope the coming congress can ensure more freedom to Chinese writers and artists," Mr Wu said.

Politburo member Mr Hu Qili will address the opening of the congress on behalf of the party's Central Committee, but the content of the speech has not yet been released.

"It is customary for certain party leaders from the Central Committee to address non-governmental congresses. The speech at the coming congress is not the opinion of the person who delivers it but of the Central Committee," Mr Wu said.

The Communist Party has been trying to interfere less in literature and arts over the past nine years and is still trying to do so.

"There will be no hope for China's cultural development if the party interferes too much," the late popular film star Mr Zhao Da once warned.

"Because most of the leaders of the China Federation of Literature and Arts are party leaders, many people have thought that the federation is superior to other cultural associations," Mr Wu said.

"But in fact, it should be acting as a mediating body among various cultural associations. Its major function is to keep all its members in harmony. We are going to give a new definition to the federation after the congress," he said.

The federation is made up of a number of groups such as the China Writers' Association, China Painters' Association and China Musicians Association.

About 1,500 members from local federations of literature and arts will attend the one-week conference.

Political Suppression Still 'Looms'

HK0211054588 Hong Kong HONGKONG STANDARD
in English 2 Nov 88 p 6

["Analysis" by Wu Zhong: "Political Suppression Still Looms on Writers, Artists"]

[Text] The China Federation of Literary and Art Circles will at last hold its fifth National Congress starting on November 8.

The federation's last National Congress was held in 1979 shortly after Mr Deng Xiaoping returned to power. Although that meeting announced the convening of the fifth National Congress five years later, unexpected difficulties had apparently postponed the gathering.

Many changes have taken place during the nine-year interval. Many old and famous leaders of the federation passed away while new generations were on the rise. It is expected that in the fifth National Congress, the young blood will lead the trend.

During this period, the development of literature and arts has gone up and down, too.

The fourth National Congress, echoing the voice of the ruling Communist Party, encouraged all the literary men and artists to liberate their thinking and continue to adopt

the policy of "letting a hundred flowers bloom, letting a hundred schools of thought contend"—that is, to guarantee the freedom of creative thinking and writing.

That was in 1979 when the Cultural Revolution had just ended. Naturally, bitter experiences during the Cultural Revolution became the major focus of writers and artists, many of whom also suffered a lot at the time.

Many tragic stories, plays and art works produced cursed the disastrous Cultural Revolution. And many of them were very good, touching and moving since the authors worked with their own tears and blood.

But when this kind of caustic writing began to touch Chairman Mao Zedong and the party leadership, the authorities tightened their political control and some literary works were criticised nationally.

Definitely, the "double hundreds" policy will be reassured, but the limits of freedom will at the same time be set by the party.

That is, freedom is allowed only within the limits of the "four principles." But these four principles are not written in the definite, forbidding language of law and can be interpreted arbitrarily and thus leave room for political suppression at any time.

Commentator Discusses Thoughtless Competition
HK0211102288 Beijing RENMIN RIBAO in Chinese
1 Nov 88 p 1

[Commentator's article: "What Should We Compete With Each Other For?"]

[Text] A trend of competition has emerged across the country over the past few years. What kind of competition is it? Very often the competition is about the scale of construction and the rate of growth—to see who has undertaken the largest construction project and who has achieved the highest rate of growth. There is also competition about buildings and auditoriums, wages, and welfare benefits—to see who has built the most impressive and largest guest house, who has issued the biggest amount of bonuses, and who has distributed the largest number of chicken, fish, meat, and eggs on red-letter days. Even worse, the competition is about raising prices—to see who is the first to raise prices and do so fast. That is why they say, "whoever raises prices first gets the profits." And so, commodity prices soared even before the price reform plan was made public.

Such competition is not a good thing. Why do we say so?

First, such competition is wrong in direction. Economic development is required to produce good results, and it would be unscientific to simply look at the scale and the speed. No questions are asked about whether there is enough supply of energy resources and raw materials, about whether there is enough transportation capacity,

and about whether the product mix is rational or not. Such thoughtless competition about investment scales tend to increase the gross social demand, aggravate the contradiction between supply and demand, and encourage inflation. The scale of the project is big, but the actual results are very often not good enough, or even the opposite results are obtained. If the competition is about buildings and auditoriums, wages and welfare benefits, the effect is even more harmful to economic development because it easily leads to one-sided demand for consumption in excess of the level of development of production. Competition about economic development must mean competition about production, and competition for production must mean competition about results. Such is the right direction.

Second, what kind of competition is wrong in terms of methods? The rate of economic growth, the scale of basic construction, wages and fringe benefits in one region must be determined by its own actual conditions and should proceed from the local reality. People who have whipped up the existing trend of competition pay no heed to actual conditions. They do not look at their own reality; instead, they look at what their neighbors are doing. As a consequence, they become thoughtless when it comes to economic development. The correct method is to proceed from reality and take local conditions into account.

Thoughtless competition will not only bring about poor results in the economy, but very often also erode discipline and ruin the social moral fabric. Such thoughtless competition may easily generate not only the situation where orders from the central authorities are ignored, but also undesirable phenomena such as exaggeration and extravagance. All of these will hamper reforms.

Such competition often carries with it the implication of showing one's political achievements. It seems that without big construction projects, without decent buildings or halls, and without raising wages and bonuses by a large margin, one's political achievements cannot be demonstrated; therefore one simply has to go after these things without regard to actual possibilities and to the issue of advantages and disadvantages. As a result, the local and short-term economic results are very poor and hamper the interests of the whole nation and long-term interests. Can these be described as political achievements?

Various localities may have the ambition to outstrip others and are unwilling to lag behind. This is fine indeed. At present, they should devote their spirit of "competition" to improving the economic environment, rectifying the economic order and deepening reform in an all-around manner. For example, they may compete to see who is more competent in ferreting out and punishing "official-committed profiteering," who can control the investment scale more effectively, who is more determined in curbing institutional buying, and who can carry out enterprise reform more deeply. Competition in determination and actual results in this way is

conducive to the interest of a locality and of the overall situation. It is welcomed by the masses, and the central authorities also approve of it.

Since the 3d plenary session of the 13th party Central Committee, various localities have actively implemented the guidelines put forth at the session. Thoughtless competition should come to a halt. No one should, for fear of harming the interests of the neighbors, hold back anything in improving the economic environment and rectifying the economic order. A gratifying situation will emerge as long as we really compete in the spirit of the 3d plenary session of the 13th party Central Committee.

Li Tieying Visits Zhejiang University 17 Oct
OW0211094888 Hangzhou ZHEJIANG RIBAO
in Chinese 18 Oct 88 p 1

[Text] Accompanied by Vice Governor Li Debao, Li Tieying, member of the CPC Central Committee Political Bureau, state councillor, and minister in charge of the State Education Commission, heard a briefing on the educational reform at Zhejiang University on the morning of 17 October. In the afternoon, he visited teachers and students at the Kangqiao Middle and Primary Schools in Hangzhou City. He also held a cordial discussion with the principals and teachers of the Banshan District Middle and Primary Schools.

After hearing a briefing by Lu Yongxiang, president of the Zhejiang University, Comrade Li Tieying said: The reform of institutions of higher learning is aimed at seeking ways to meet the needs in the development of a commodity economy as well as the challenge of the new technological revolution and to build new-type socialist universities with Chinese characters. People receiving a college education should not only attain a high scientific and cultural level but foster a strong sense of social responsibility with which to work for the prosperity and revitalization of the nation. College education should be combined with the task of revitalizing the nation, and institutions of higher learning should train key, high-quality personnel capable of undertaking national construction in the 21st century. Comrade Li Tieying hoped that comrades at the university would emancipate their minds, boldly explore things, and blaze a new trail in building new-type universities.

While visiting the Kangqiao Middle and Primary Schools, Comrade Li Tieying cordially asked teachers about their wages, living conditions, and the improvement in teaching conditions. He said: Rural economic prosperity cannot be achieved without the improved quality of laborers. He stressed: Party and government leaders in districts and townships should pay close attention to education. First of all, they should give first priority to effectively implementing the system of 9-year compulsory education. In rural areas, attention should be paid to developing vocational and technical education in order to train qualified, skilled laborers who are capable of meeting local economic needs.

Guo Linxiang Urges Guidelines Implementation
HK0211085488 Beijing JIEFANGJUN BAO
in Chinese 16 Oct 88 p 1

[Report by correspondents Dai Puzhong (2071 2528 1813) and Yao Wenhui (1202 2429 2037): "Guo Linxiang, secretary of the Discipline Inspection Commission of the Military Commission, Urges Army Units To Observe Discipline and Implement Guidelines of the 3d Plenary Session"]

[Text] Beijing, 15 Oct (JIEFANGJUN BAO)—Guo Linxiang, secretary of the Discipline Inspection Commission of the Central Military Commission, stressed today that the Army is the mainstay of the country and it must strictly observe discipline and resolutely implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and those of the Central Work Conference.

Guo Linxiang made these remarks at the end of a training session for studying the guidelines of the third plenary session and the Central Work Conference. The training session was held by the PLA General Political Department and the Discipline Inspection Commission of the Central Military Commission. Guo Linxiang said that the party Central Committee has correctly analysed the current political and economic situation in our country and has decided that the focus of reform and construction in the next year and the year after should be prominently placed on improving the economic environment and rectifying the economic order. This is an important policy decision made by the party Central Committee at a critical moment. Each and every comrade in our Army must have a thorough understanding of this policy decision and resolutely implement it.

Guo Linxiang pointed out that democracy under centralized guidance and freedom under unified discipline has always been a principle we adhere to. The words and deeds of each comrade must be kept within the bounds of discipline. To strictly observe discipline, we must implement to the letter instructions of the party Central Committee and the State Council. We must resolutely act in accordance with whatever the central authorities advocate. We should never haggle over whatever the central authorities explicitly prohibit, nor should we make adaptations. At the present critical stage of reform, we must especially stress "obedience" in four aspects—an individual must be subordinate to an organization, a part to the whole, a lower level to a higher one, and party organizations at all levels to the Central Committee. All officers and soldiers must seriously implement all principles and policies formulated by the party Central Committee and the State Council for improving the economic environment and rectifying the economic order, and for deepening all-around reforms, as well as relevant instructions of the Central Military Commission. Recently, Director Yang Baibing put forward six demands, which all army units must resolutely implement. These six demands are: 1) We should strictly

control institutional purchasing power and should not purchase commodities under special control, unless approvals are given to meet special needs. 2) We should exercise strict control over capital construction projects and resolutely cut nonproductive projects such as office buildings, auditoriums, and hotels. 3) We should strengthen management of finance and materials in order to plug all loopholes. 4) We should get rid of the undesirable phenomenon of giving banquets and making gifts, eating and drinking lavishly, and extravagance and waste. 5) We should resolutely refrain from bank runs or panic buying. 6) We should resolutely adhere to the correct orientation in production and business management and should not engage in profiteering, driving up prices, or bribery.

In his speech, Guo Linxiang demanded that leading cadres at all levels should take the lead in taking orders and observing regulations, and set a good example to their subordinates. An important issue which leading cadres should pay special attention to is hard struggle and honesty in fulfilling official duties. Party organizations and discipline inspection departments at all levels must strengthen inspection and supervision on leading cadres.

PLA To Inspect Its Finances Nationwide
HK0211021888 Beijing CHINA DAILY in English
2 Nov 88 p 1

[By staff reporter Liu Dizhong]

[Text] The People Liberation Army (PLA) is to join the on-going nationwide campaign to put the country's economy in order.

It is to check up on its own financial accounting, tax payments and commodity prices and on those of the companies and enterprises belonging to the Armed Forces.

A telephone conference organized by the Central Military Commission and involving all the country's Armed Forces will today make firm plans for the inspection campaign which will be implemented throughout the country.

This was disclosed yesterday by Lieutenant General Zhang Bin, deputy head of the PLA's Logistics Command, in an exclusive interview with CHINA DAILY.

Describing the campaign as part of the nation's efforts to further the on-going reforms, the general said checks would be conducted in all Armed Forces units above regiment level. Investigators would be looking for possible violations of state taxation laws and for financial and price irregularities.

He said all companies and enterprises belonging to the Armed Forces would also be investigated. Army officers engaging in unauthorized business activities or other speculative activities would be punished.

He said further investigations were currently being conducted into cases in which Armed Forces units and officers had become involved in irregular dealings with civilians.

Although such cases were rare, he said, they had alarmed the Armed Forces leaders, considering the special position and established reputation of the PLA.

"Armed Forces men involved in speculative practices will be punished more severely than the civilians," the general said.

The PLA owns several hundred enterprises throughout the country. These enterprises are mainly responsible for supplies and services for the three-million Armed Forces units, such as quilts, shoes, machinery, and repair and maintenance. The total industrial output value of the Armed Forces enterprises reached more than 5 billion yuan (\$1.4 billion) last year.

The general said a new reporting system would be set up in the Armed Forces to tighten up inspection and supervision of violations of State and Armed Forces regulations.

He said men in the Armed Forces should set "a good example" to the nation by obeying financial laws and regulations.

According to Central Military Commission regulations, the Armed Forces must be clearly separated from their enterprises and companies. Army officials are not permitted to hold posts in these enterprises and all the income earned by these companies must be handed over to the Armed Forces to ease the shortage of military funds.

The general said the PLA planned to cut back on investment in capital construction next year by six percent. In addition, he said, the institutional purchasing power of the Armed Forces would be cut by 20 percent.

New Approach to Military Training Implemented
HK0111044988 Beijing JIEFANGJUN BAO
in Chinese 20 Oct 88 p 1

[Report by Gu Boliang (7357 0130 5328) and Liu Guohua (0491 0948 5478): "A Certain PLA Unit Conducts Strategic Missile Launching Exercise of an Inspection Nature"]

[Text] A "magical arrow" was shot into the air, leaving a streak of silver arc light in the darkness of the evening. Today, a certain PLA strategic missile unit successfully concluded its practice of an inspection nature with live ammunition at a military base.

During one and a half months' exercise, they trained a number of launching battalion commanders by making use of the practice with live ammunition, and experimented on eight comparatively major achievements in

scientific research. Deputy Chief of General Staff Lieutenant General Han Huaizhi praised them for creating a regular, highly efficient, and economical formula for military training.

How do you build a crack, efficient strategic missile unit and improve the fighting capacity of the combat troops as a whole with launching battalions playing the dominant role? These are questions which have drawn great attention in this army unit in recent years. Early this year, the commander of the second artillery troop Lieutenant Li Xuge, in light of decreased military expenditure and high cost for firing practice, suggested "that we conduct military training and benefit all sides through carrying out launches." The above exercise was an actual inspection of the suggestion as a guiding ideology for military training.

The firing exercise of an inspection nature organized by a PLA unit was conducted strictly according to the regular training procedures set by the commander requiring that all bodies and organic units should be present and the training course complete. In the course of the exercise, they did not mechanically stick to the original program and did not conduct any impractical training; on the contrary, they subjected themselves to changing situations and greater difficulties, trying hard to find out a correct way of regularly training strategic missile army units who have to engage in long-distance mobile warfare. As for the contents of the exercise, they, in light of focal points, difficult points, and weak points, designed such courses as air defence, protection against nuclear weapons, marches on the highway, transportation by rail, analysis and removal of troubles, and saw to it that different conditions cropped up alternately, and that different tasks called for completion at the same time. In this way the army units could improve their combat capacity in a more effective way. In directing the exercise, they also tried their best to combine direction, readjustment, and examination into one, and integrate the planned direction with the random direction so as to make the exercise more close to the real situation and improve the actual effect.

The exercise included experiments on, and appraisals of, scientific results of institutions and PLA units. The exercise conducted on the spot courses to train commanders in charge of the launching battalions. This was the first time in the history of this army unit that this organizational form with high efficiency was applied in military training. The scientific achievements in recent years such as the automatic equipment for activating and controlling testing, the system for monitoring missile transportation, and the correspondence interface system on which they had not been able to carry out separate experiments under actual conditions before, were all put to the test during the launching exercise with live ammunition. Reliable data and gratifying results were gained. Teaching while during the exercise provided the commanders of launching battalions with an opportunity to apply theory to reality. In addition, the situation provided a solution to the problem

that some units have not received any assignment of firing live ammunition for many years, and the quality of commanding officials has deteriorated. In the exercise and launching, the launching battalion commanders had materials to learn from, demonstration detachments to look at, resulting in marked improvement of their practical commanding capacity.

In the past the launching assignments for missile units were out of line with training through exercise and the practice of examination before acceptance, failing to gain the biggest possible economic returns in military training. This time they integrated the annual examination and military exercise with firing practice, checking on the launching detachments while checking on the safeguarding detachments, reducing the frequency of actual operations and employing safeguarding detachments. Making use of the range practice, they also organized a special team to compile a book containing 350,000 characters of materials on combined strategy mainly for training launching battalions, and further improved different regulations and systems formulated before.

Reporters Visit Naval Weapons Testing
OW0111085888 Beijing Domestic Service
in Mandarin 2330 GMT 28 Oct 88

[Report by state reporters Jiang Rubiao and Zhou Yuchun and correspondent Yao Xinxue: "Earth-Shaking Brave Men"—from the "Military Life" program]

[Excerpts] In a simply-equipped office on a naval testing base, the commander, Major General (Wang Huiqing), briefed us on the general situation of this base. He summarized the basic experience in developing this base in three [as heard] aspects: hard pioneering work, painstaking efforts to solve difficult problems, and unity and cooperation.

In the conversations, Commander (Wang Huiqing) cordially told us that the capability of this base has developed from testing a single type of guided missile to testing some 100 different types of naval weapons and equipment, including strategic weapons, conventional weapons, and electronic equipment. It has become the first comprehensive testing base in our country capable of conducting various weapon tests on and under water, on land, and in the air, he added. [passage omitted]

Over the past 30 years, the base has performed nearly 1,000 equipment tests, fired hundreds of strategic and tactical missiles, including shore-to-ship, ship-to-ship, ship-to-air, and air-to-ship missiles, laid over 1,000 torpedoes and mines, dropped several thousands of depth-charges, and fired more than 20,000 naval artillery shells of various calibers. It has provided thousands of test data reports and analyses of test results. It has tested and finalized the designs of nearly 100 types of guided missiles, naval artillery, water weapons [shui zhong bing qi], navigational equipment, and electronic countermeasure equipment. In so doing, it has made

significant contributions to building the offensive and defensive forces on the sea with missiles as the main weapon and to developing modern arms and equipment for the navy of our country. [passage omitted]

Under the new circumstances of reform and opening to the outside world, the leadership of this base has given full play to the role of its scientific and technical personnel in helping invigorate the economy of coastal areas. Over a dozen science and technology development projects have been undertaken by them, including the survey of the Dagang and Liaohe oilfields, the positioning of oil platform in Bo Hai by microwave equipment, and assistance in developing computer technology in northeast China. These projects have yielded remarkable social and economic benefits [xiao yi]. Before winding up this visit, we strolled on the clean, level cement road on the base. Our impression was that on this previously desolate land inhabited by wild wolves, the builders of the naval testing base have brought into being a seaside city of science and technology with offices, laboratories, warehouses, stores, dormitories, guesthouses, testing stations, computer shops, and other modern facilities. Especially when we saw the rows of green pine and cypress trees and colorful flowers, we felt that this was a world full of vigor and vitality. We felt that the heroes here not only performed the marvellous deed of sending the carrier rocket from underwater accurately to a designated spot in a water area some 1,000 li away, but also have the immense ability of transforming nature.

Minister on Improving Economic Environment
HK0211021788 Beijing RENMIN RIBAO in Chinese
20 Oct 88 p 4

[Dispatch by reporter Gong Dafa (7895 6671 4099): "Minister of Public Security Calls on Cadres and Policemen To Contribute Toward Improving the Economic Environment"]

[Text] Wuhan, 19 Oct—Wang Fang, state councillor, minister of public security and 1st political commissar of the Chinese People's Armed Police Force, said here today that we cannot improve the economic environment and rectify economic order without a stable and unified political situation and a stable social order. The function of public security is to provide a stable social order and environment for the intensification of reforms, to guarantee smooth implementation of the central authorities' policies.

This afternoon, Wang Fang attended a forum in Wuhan. The participants were public security bureau directors from several cities throughout the whole country. Afterwards, he met with some of the public security cadres and policemen, and officers and men of the Armed Police Force from Hubei and Wuhan. He called on public security cadres and policemen, and officers and men of the Armed Police Force, to contribute toward improving the economic environment and rectifying the economic order. During his cordial discussion with Cui

Dao, grade 2 model hero of the National Public Security Front and people's policeman from the police substation in Wuhan's Min Zu St, Wang Fang said that public security officers should strike at crimes and struggle with all kinds of evil social phenomena, and not follow the stream, nor wallow in the mire. This is the meaning of administering the police with strict discipline.

Yu Guangyuan Cited on Socialist Ownership Forms
HK0211105688 Beijing JINGJI RIBAO in Chinese
17 Oct 88 p 1

[Report by Li Tiezheng (2621 6993 6927): "Yu Guangyuan Says That There Are Different Forms of Socialist Ownership"]

[Text] At the "first seminar on the collective economy of light industry in big and medium-size cities," Yu Guangyuan, a famous economist, said on 13 October that socialist ownership should not be simply interpreted as public ownership. In their original works, Marx and Engels termed socialist ownership as "social ownership." Socialist ownership is public ownership, but not public ownership in the general sense. It is public ownership with special requirements, namely social ownership.

Yu Guangyuan believed that it is the mistake in translation that hinders the study of social ownership. Social ownership is the basic nature, not the form of socialist ownership. Socialist ownership, or social ownership, may have diverse forms. Yu Guangyuan divided the forms of social ownership in the initial stage of socialism into two major categories: basic and nonbasic forms. The former includes state ownership, collective ownership, enterprise ownership, and so on, and the latter groups share ownership, private ownership, and so on. The nonbasic forms are compounded by the basic forms of socialist ownership. The basic forms of socialist ownership are not necessarily the forms which play the dominant role.

In talking about collective ownership, Yu Guangyuan maintained that it is the small collectives that conform to the standard of collective ownership, because they are organized by the laboring masses themselves. Should the collective be disbanded, the property can be distributed among the members. The so-called intermediate system between collective ownership and ownership by the whole people is in fact enterprise ownership, and the collective ownership in rural areas in fact community ownership.

Controlling Industrial Growth Rate 'Imperative'
HK0211053588 Beijing RENMIN RIBAO in Chinese
25 Oct 88, p 2

[Article by Zhang Qixian (1728 1142 0341): "It Is Imperative To Control Industrial Growth Rate"]

[Text] Since the beginning of this year, the overall industrial production of our country has maintained a good momentum. However, as far as the actual conditions of our country are concerned and in the view of the

long-term and steady industrial development, our country's industrial production has been growing too fast during the first 3 quarters of this year, resulting in the intensification of some of the contradictions inherent in our country's economy. In view of this situation, we must make great efforts to properly control the growth rate of our country's industrial production in the 4th quarter of this year.

Since the beginning of this year, our country's industrial production has been growing at a high rate of between 15 percent and 20 percent. The planned annual growth rate of our country's total industrial output value for this year is 7 percent while the actual growth rate of our country's total industrial output value reached 17.5 percent between January and September. As a matter of fact, our country had accomplished its planned annual quota of total industrial output value ahead of schedule by July of this year. In view of the production arrangements made by the various provinces and cities of our country, it is impossible that growth rate of our country's total industrial output value will drop by a big margin in the remaining months of this year. It is predicted that the growth rate of our country's total industrial output value will exceed 16 percent this year.

Such an excessively high growth rate of our country's industrial development has not only intensified the contradictions between the supply and demand of energy, goods and materials, funds, and transportation but also stimulated the rise of the prices of the means of production and concealed the contradictions and problems existing in our country's economic structure and enterprise management to a certain extent. For example, our country's situation concerning the supply of coal took a turn for the better in the 2 previous years. However, this year, our country's supply of coal has again fallen short of the demand. Between January and July of this year, our country had to take out 25 million tons of coal from stock. Although the electric power production has been growing very rapidly, the demand for electric power has been growing even faster. As a result, the problem of lack of electric power has been further aggravated this year. Our country has been suffering from her poor railroad transportation capacity for years. At present, the transportation capacity of some sections of our country's railroads can only meet 20-40 percent of the actual demand. The problem of lack of funds will certainly be further brought to light in the fourth quarter of this year when our country tightens control over bank credit and loans.

The excessively high growth rate of our country's industrial development has been mainly caused by the following factors: (1) The excessive capital construction and the excessive increase of production development and consumer demand; (2) The sustained and rapid increase of light industrial production as a result of the price hikes and panic purchasing; (3) As a result of the enforcement of the system of dividing revenue and expenditure between the central and local governments and holding

each responsible for balancing their budgets, various regions of our country have tried to increase their financial incomes by increasing their production outputs. Since implementing the contract system in the enterprises and linking the economic results of the enterprises with the wages and welfare of the staff and workers, the enterprises in various regions of our country have tried to increase their incomes mainly by expanding their productions; (4) Various regions of our country have competed with one another in blindly pursuing a higher rate of industrial development. Lately, some regions of our country have decided to further increase their industrial output values in the fourth quarter of this year and have set even higher production quotas for themselves for the remaining 2 months of this year.

The recently convened 3d Plenary Session of the 13th CPC Central Committee explicitly pointed out that the present economic situation of our country is good, but such a good economic situation is also accompanied by an overheated and excessively rapid economic development and an excessive capital construction. Therefore, efforts must be made to properly slow down such overheated economic development and reduce the excessive capital construction. In order to comprehensively implement the spirit of the principle formulated by the central authorities, it is necessary to adopt effective and proper measures to properly slow down the excessive economic development.

In order to successfully fulfill this year's production plan and gain the initiative for next year's industrial production, it is necessary to rationally plan the industrial production for the remaining 2 months of this year, slow down the overheated industrial development, properly control the growth rate of the industrial production, and put an end to the practice of competing with one another for higher growth rate of the industrial development and in blindly pursuing a higher industrial output value. It is necessary to take both the immediate and the long-term interests of our country into consideration, ensure the convergence between this year's industrial production and the industrial production of the next spring, make good preparations concerning raw materials, funds, equipment, and technology for our country's next year's industrial production.

—It is necessary to check up on the capital construction projects and technological transformation projects presently under construction, stop building those projects which are unlikely to produce good economic results, concentrate efforts on building and putting in commission the key projects on schedule so as to enable them to yield good economic results as early as possible and lay a material basis for our next year's work of increasing production, practising economy, and upgrading products.

—It is necessary to slow down the development of the various industries under the system of the collective ownership and the town and township industries as well.

Special measures must be taken to restrict the development of those small cotton mills, small woolen mills, small cigarette factories, and other types of small enterprises which contend with big enterprises for raw materials. It is necessary to resolutely put a stop to the production of nondaily-necessities, such as the production of easy-to-open cans, the production of aluminium windows, the production of air-conditioners, and so on, which consume a lot of raw materials and energy which are presently in short supply in our country, or turn these lines of production into other lines of production.

It is necessary to redouble efforts to improve the quality of our industrial products, lower the per-unit energy consumption of our industrial products, cut down on a variety of enterprise outlays, and turn losses into profits so as to successfully fulfill various economic quotas set for this year and lay a solid foundation for our next year's work of increasing production and revenue.

Economist Advocates Developing Private Economy
HK021111888 Beijing JINGJI CANKAO in Chinese
21 Oct 88 p 4

[Excerpt of article from 13 September XIANDAI REN BAO (MODERN MAN NEWSPAPER): "Li Yining Advocates Making Great Efforts To Develop the Private Economy"]

[Text] At the invitation of the Hunan Provincial People's Government, Professor Li Yining of Beijing University, who is also a renowned economist, recently made an inspection tour of Changsha, Changde, Yuanling, Jishou, Fenghuang and Yueyang for 20 odd days. During the tour, Li Yining delivered more than 10 speeches, calling for vigorously developing the private sector of the economy. He believes this is a major measure to rejuvenate the economy of Hunan. He proposed to turn as many as possible state-owned enterprises at or under the county level into joint-stock enterprises.

When expounding the private sector of the economy on the prospects for China's development, so far no unanimity of views or almost identical views on the issue have been reached, and views of the academic circles are greatly divergent on the issue and even are antagonistic to each other. One standpoint holds: At the present stage of our country, it is of course necessary to maintain and develop the private sector of the economy but it is all in all a stopgap to a great extent. With the radical enhancement of the level of the productive forces, the continuous development of the commodity economy, and the uninterrupted growth of the public-owned economy, the private sector of the economy will go downhill after it develops to a certain extent. At first it will be largely restricted and finally be abolished.

Li Yining said that he does not agree with the viewpoint that "the reappearance of the private sector of the economy is merely an episode in China's present economic development. He believes that China's future

economic structure will be a multiple one, in which the private sector of the economy as a component part of the structure will exist for a considerable length of time. Such a multiple economic structure is suited to both a socialist society with a low level of productive forces and a socialist society with a high level of productive forces. This means that a socialist society needs the private sector of the economy.

Li Yining stressed: The private sector of the economy will in the future coexist with the new-type public ownership in China's economy and not with the conventional state-owned enterprises and collective enterprises. The private economy may not be a passive force but is a factor of complementing and promoting each other with the new-type public ownership. Such a relationship is reflected in market activities.

Li Yining also proposed a proper proportion of the private economy in China's future economy. In terms of macroeconomic scope, it is better to keep the ratio of the output value of the private economy in the country's economy below one third; however, it can be over the figure in some departments and areas.

It has been learned that there have been 225,000 private enterprises in our country and their output value constitutes less than 1 percent in the gross output value of the country's industry. Li Yining pointed out: We should therefore not worry about too fast of a development of the private economy but we worry that the development of the private economy may meet with tremendous obstacles, that there will not be sufficient auxiliary measures (including administrative measures) for the development of the private economy, and that there may appear a tendency that people who engage in private commercial and industrial activities only have a short-term plan for their business.

Li Yining noted: If macroeconomic regulatory means (such as the progressive profit tax for private-owned enterprises) is employed to restrict private-owned enterprises, they will naturally decide on the scope of their business according to their profit rate after taxes are turned in to the state. To avoid a great disparity in the distribution of social earnings, different types of taxes including the progressive individual income tax, the inheritance tax, and the legacy tax can be levied on private entrepreneurs.

Effects of Reform on Joint-Stock System
HK0111120688 Shanghai SHIJIE JINGJI
DAOBAO in Chinese 17 Oct 88 p 13

[Special Dispatch from Beijing by Wei Guo (7614 6665): "Li Yining Says That in Overcoming Short-Term Behavior and Increasing Economic Efficiency, Conducting Reform of Ownership—Promoting the Enforcement of the Joint-Stock System—Is Inevitable"]

[Text] At the large symposium on the reform of commodity prices and wages, which was jointly held by SHIJIE JINGJI DAOBAO, Beijing Structural Reform

Consultation and Study Center, and Beijing Academy of Social Sciences, Li Yining, the well-known Chinese economist and professor of economics at Beijing University, delivered a speech entitled "The Theory and Practice of China's Joint-Stock System."

According to Li Yining, China now has three problems: First, China's market mechanism has yet to be perfected; second, China's commodity price relations have yet to be rationalized; third, Chinese enterprises have yet to become independent economic entities. Therefore, the overall designing of reform policies should be centered on setting forth a series of economic policies aimed at promoting the reform of the enterprise structure. Economic policies aimed at promoting the reform of the enterprise structure should become the mainstream of the entire system of reform policies. Once the enterprises become the independent economic entities which have decisionmaking power in their operations and assume full responsibilities for their own profits and losses, namely, independent commodity producers in reality as well as in name, the market mechanism will certainly be perfected step by step. If relevant measures of price reform are taken during such a process, commodity price relations will certainly be gradually rationalized. In short, the economic policies suited to our country's reality should be those aimed at invigorating the enterprises to the greatest possible extent. The invigorated enterprises (including individual producers and peasant households) will gradually form a market and perfect the market mechanism in due course so that the market will gradually determine commodity prices.

If it is decided that reform of the enterprise structure is the core of the entire reform of the economic structure, then the reform of the enterprise structure is bound to play a determinative role throughout the entire process of perfecting the market mechanism and rationalizing commodity prices. Li Yining disagreed with the view that the entire reform of the economic structure should be centered on price reform. According to Li Yining, China has an unbalanced economy and an imperfect market mechanism; China's market information channels have yet to be smoothed out; and not all Chinese enterprises have been given full decisionmaking power in their operations and have assumed full responsibilities for their own profits and losses at present. Under such circumstances, it is impossible for commodity prices to regulate supply and demand on the market. Because the government can only obtain limited market information, it usually takes a long time for them to make the relevant decisions. Therefore, government behavior is on no account idealized. There is only one government whereas there are countless enterprises and a large public. As the saying goes: "Government has its policies whereas we have our countermeasures." The government is now in a really passive position. Economic behaviors are different from natural sciences. Economic behaviors are constantly changing because they are permeated with human psychological factors. As a matter of fact, the government is not almighty because it cannot possibly

do everything in accordance with their original plans. If something went wrong in price reform, it would be the government that would actually shoulder all the risks.

In carrying out enterprise reform, it is necessary to understand that government behavior is by no means idealized. Government should not take care of everything and should only be responsible for formulating some guidelines and macroeconomic policies. Enterprises should be allowed to carry out their own operations in light of their own conditions and should be given full decisionmaking power in so doing. This means that society will shoulder all the risks and the enterprises will assume full responsibilities for their own profits and losses. In this way, the government will be able to supervise the operation of enterprises. As a result, the risks of enterprise reform will be dispersed so that it will go ahead at a faster pace.

At present, China's domestic supply and demand both possess low elasticity. The elasticity of China's domestic supply is restricted by China's limited domestic resources. Therefore, it is impossible for China's domestic supply to increase greatly when the state control over commodities prices is lifted. It takes time for China to foster a stronger industrial capacity. The development of agriculture is restricted by a variety of factors, such as land, strains on farm crops, chemical fertilizer, labor power, and so on. The elasticity of China's domestic demand is restricted by the absence of budget control on the part of consumers. Individual economy and private economy regard consumption as investment while the consumption of individual citizens is unpredictable. Therefore, it is equally impossible for China's domestic demand to decrease when the state control over commodity prices is lifted. Under such circumstances, people should not think that once the state control over commodity prices is lifted, all the problems will be solved.

Behind commodity prices are the prices of the essential means of production. The most essential means of production are the fixed assets of enterprises. This shows that in order to form a commodity market, it is necessary to form, in advance, a market for the essential means of production, particularly a market for the fixed assets of enterprises. Therefore, without carrying out enterprise reform and clearly defining the ownership of the fixed assets of enterprises, it would be impossible to rationally set the prices of the fixed assets and form a market for the essential means of production. Without a market for the essential means of production, it would be impossible to form an effective commodity market. Those who hold that the reform of the economic structure should be centered on price reform have fixed their eyes only on the commodity market but failed to see the fundamental nature of the commodity market. All the aforesaid shows that enterprise reform is of primary importance to the success of the entire reform of the economic structure.

Li Yining pointed out: Over the past few years, China has been busy carrying out the readjustment of price relations. However, the readjustment of price relations is

not really price reform. The real price reform means the transformation from the two-way price system into the one-way market price system. The present situation shows that the reform of the price mechanism should be the final outcome of, not a breakthrough in, the entire reform of the economic structure. This is the major difference between Li Yining and those who hold that the entire reform of the economic structure should be centered on price reform. Now, everyone agrees that the price reform carried out by the East European countries has ended in failure. Why have the reforms carried out by the East European countries ended in failure? Those who hold that the entire reform of the economic structure should be centered on price reform think that the reform carried out by the East European countries failed because it was not resolutely carried out and because there was a lack of determination on the part of the authorities. If the authorities concerned had been bold and determined in carrying out the reform, all the difficulties in it would have been resolved once and for all. Li Yining thinks that price reform carried out by the East European countries failed mainly because the authorities concerned did not dare to carry out the reform of the ownership system and clearly define the ownership of the fixed assets of the enterprises. So the enterprises of the East European countries have failed to become the principal bodies carrying out independent operations and assuming full responsibilities for their own profits and losses. In the opinion of those who hold that the entire reform of the economic structure should be centered on price reform, when the West German Government lifted its control over commodity prices in 1949, the West German economy immediately revived, thus bringing about the "Ai Ha De (0755 0761 1795) Miracle." Li Yining disagrees with this view and thinks that the economy revived immediately because West Germany was a country which practised private economy and whose enterprises were originally full of vitality. The situation of China is different from that of West Germany in nature. What would become of China if the Chinese Government lifted control over the commodity prices when the majority of the Chinese enterprises have not yet been given full decisionmaking power in their operations and have not yet assumed full responsibilities for their own profits and losses?

According to Li Yining, price reform should be carried out in the following three stages: The first stage will cover 3 years; the second stage 5 years; and the third stage 8 years. Therefore, during the first 3 years of the reform, efforts are to be concentrated on maintaining the basic stability of commodity prices and readjusting the prices of certain farm products; during the second stage, efforts are to be centered on greatly readjusting the ratio between the prices of raw and processed materials and the prices of finished products on the basis of the increase in the economic results of enterprises; during the third stage, all enterprises will universally institute the joint-stock system. Once the enterprises are invigorated and become financially sound, efforts will be made to turn the two-way price system into the one-way price

system. Li Yining stressed that at present, China still lacks the conditions to withstand the strains of price reform. Therefore, China should not enforce the reform before it can handle the distribution of bank deposits properly. At the same time, Li Yining also criticized the propaganda on price reform by saying that it is a failure. According to Li Yining, there is no need to carry out large-scale propaganda and ideological education on price reform among the masses. Instead, efforts should be made to formulate specific measures to guarantee the success of the reform, such as the measures aimed at maintaining the value of bank deposits, properly raising the interest rates of bank deposits, encouraging the real estate business and stock exchange business, issuing bonds, and so on. So long as macro-efforts are centered on stabilizing the prices and accelerating enterprise reform, the success of price reform will certainly be achieved. The more ideological work and propaganda is carried out, the more losses will be incurred.

When discussing the question of how to enforce enterprise reform, Professor Li Yining made a comparison between the contract system and the joint-stock system. Li Yining pointed out that the enforcement of the contract system is feasible but by no means ideal at present. This is because the enforcement of the contract system has caused the following problems: (1) Enterprises turn to engage themselves in short-term behavior; (2) There is a contradiction between the contractors and the broad masses of staff and workers in respect of income; (3) The enforcement of the contract system is detrimental to the rational organization of the social resources. The first two defects can be offset by the implementation of a series of measures. However, the third defect is the incurable disease inherent in the contract system. In order to promote the development of the productive forces, it is necessary to reorganize social resources. Because the present contract system has inherited the result of the historical organization of social resources, it is impossible to realize the rational reorganization of the resources under the present contract system. In order to realize the rational reorganization of social resources, efforts should first of all be made to ensure the circulation of the essential means of production in society. However, instead of ensuring the circulation of the essential means of production, the present contract system only serves to obstruct the circulation of it.

The enforcement of the joint-stock system has two major advantages: (1) It will help enterprises to overcome their short-term behavior. A standard joint-stock enterprise will naturally take account of both its own short-term interests and its own long-term interests. When investors buy shares, they aim at the following two types of income: One is dividends; the other the appreciation of shares. In most cases, the second type of income is more practical and larger in amount. Enterprises which have good prospects and strong reserve strength will certainly obtain more public accumulation. As a result, the shares issued by these enterprises will appreciate. On the contrary, enterprises which give out all their profits in cash or in kind will

certainly turn to issue more shares. However, it is impossible for the shares issued by these enterprises to appreciate. Thus it is the interests of the investors, rather than the interests of the enterprise operators, that play a vital role in overcoming the short-term behavior of enterprises. A standard joint-stock enterprise must endeavor to seek the optimal economic results. If, in the market competition, a standard joint-stock enterprise cannot achieve the optimal economic results, it might be taken over or fall into the control of others. This is absolutely not a ethical question.

Li Yining also introduced to the audience at the symposium some of his own tentative ideas on realizing the transition from the contract system to the joint-stock system. He said that some new measures are presently being explored and formulated. They include: (1) To realize the transition from the contract system characterized by the mortgage of all personnel and risk fund to the joint-stock system. This means that the fixed assets of the enterprises are to be turned into share capital; the risk fund of the enterprises are to be converted into shares; joint-stock companies are to be set up; and boards of directors are to be elected. (2) To establish the enterprise market, the market for essential means of production, and the market for the exchange and transference of the fixed assets of the enterprises through the amalgamation of enterprises rather than administrative measures. This means that enterprises are to be amalgamated through negotiations; new joint-stock companies are to be established after the fixed assets of the enterprises are turned into share capital. (3) To transform a batch of enterprises into joint-stock enterprises in a planned way. To this end, efforts are first to be made to establish some holding companies. This means that the enterprises under the ownership of the whole people are to subscribe for shares on a voluntary basis. Efforts are also to be made to raise funds and establish a batch holding companies in society without actually setting up enterprises. The funds raised from society are to be used to establish some technology consultative centers and business centers. The holding companies are to be responsible for looking for enterprises which have the potential to become joint-stock enterprises and diverting investment to these enterprises. The holding companies are also to be responsible for making specific plans for transforming the existing enterprises into joint-stock enterprises batch by batch. The dispersion of investment funds can help to avoid certain risks in such investment and help the holding companies to gain average profits. All the state-run enterprises at and below the county level are to be transformed into joint-stock enterprises or sold out. (4) The enforcement of the joint-stock system in the large enterprises should be preceded by some breakthroughs in relevant theories. The enterprise share capital should be established. Theoretically speaking, the assets formed through the investment made by the enterprises with their retained profits should be placed at the disposal of the enterprises. The enterprise shares are actually to be under the dual state ownership, which means that they are to come from the enterprise assets but are ultimately to be under state ownership. The enterprises have the right to use, possess, and transfer this part of enterprise assets with compensation

but have no right to transfer this part of enterprise assets without compensation. The ratio between the enterprise shares and the state shares is three to seven. The owners of the enterprise shares are to establish the "Enterprise Foundation" whose board members are to be elected by the workers' congress.

The watered shares of the staff and workers are called "shadow shares" in economics. The staff and workers regard the shares they buy with their own money as real shares and the shares they possess without paying money as watered shares. The enthusiasm of the staff and workers cannot be mobilized by the real shares. What the staff and workers are really interested in is the watered shares, including seniority shares, position shares, technology shares, and merit shares. The real shares are tangible shares while watered shares are intangible shares which cannot be inherited or transferred. Extra dividends are part of the dividends of the enterprise-fund shares, that is, part of the enterprise reward fund. The issuance of extra dividends can mobilize the enthusiasm of the staff and workers without undermining the public ownership and harming the interests of the state.

According to Li Yining, the strength of the public ownership does not lie in the amount of funds possessed by the public economy but lie in the amount of funds at the disposal of the public economy. Theoretically speaking, one who owns 51 percent or more of the total number of shares of a company has the power to control all the shares. However, in reality, the one who has power to control all the shares does not necessarily need to possess 51 percent or more of the total number of the shares of the company. A large number of trades and professions do not necessarily need to have state shares. State shares are issued with a view to controlling only the key branches of the national economy. The number of state shares in the key branches of the national economy should be gradually reduced. The more state shares in the key branches of the national economy are reduced in number, the more dynamic the national economy will become. China's private enterprises alone cannot buy all the state shares. Within a short period of time, the staff and workers will only be able to buy a limited number of the shares. Under such circumstances, the majority of the state shares will be digested by the enterprise shares, which means that various types of enterprise shares will permeate through one another (with enterprises forming a share-holding circle). As a result, every trade and profession will limit the number of state shares they have to the minimum and use their surplus funds to develop new enterprises, thus constantly promoting the development of the entire economy. Thus, the enforcement of the joint-stock system will greatly expand the public economy instead of undermining it.

As for the accessory reforms of enterprise reform, we can refer to Beijing University's "358 Reform Plan," the drafting of which was presided over by Professor Li Yining. For details of Beijing University's "358 Reform

Plan," please refer to "Where China's Economic Prosperity Lies" published in No 392 of SHIJIE JINGJI DAOBAO on 23 May of this year.

"Now it seems that enterprise reform is the key to the success of the entire reform of the economic structure." Li Yining repeatedly stressed: "Without successfully carrying out enterprise reform, it would be impossible to increase the economic results of the enterprises. If the enterprises did not sell shares, they would be unable to recover banknotes from circulation and turn consumption funds into production funds. This would inevitably increase the pressure on the enterprises. With the banks starting value-preserved saving business, bank reform will be accelerated and the control over bank loans tightened. As a result, the banks will be able to operate like enterprises. With the enterprises enforcing the joint-stock system and the banks operating like enterprises, the reform in all spheres will no doubt be pushed forward, which will accordingly bring about fundamental changes in China. Therefore, we should have a new sense of concern and a new sense of urgency in face of this new situation."

As for the soaring inflation, a topic people are most concerned about at present, Li Yining believes that it has mainly been caused by supply falling short of demand. There are two ways to tackle soaring inflation: One is to compress demand; the other is to increase supply. Proper control should be exercised when compressing capital construction and the purchasing power of social groups because inflation can only be checked by increased supply. Excessively compressing demand will cause disastrous consequences. Decreased demand will also result in decreased supply. For example, when the banks tighten control over bank loans, enterprises will lack circulating funds. How can the enterprises effectively carry out their production if they do not have enough circulating funds? There are several ways to increase supply: (1) To reorganize the essential means of production; (2) To readjust the production structure; (3) To mobilize the enthusiasm of the enterprises and the staff and workers. This means to increase supply through the internal readjustment of the enterprises and some other means without increasing the input in the enterprises. The enforcement of all these measures will naturally depend on the deepening of enterprise reform. To increase supply is vital to checking inflation. Inflation can only be gradually checked. Inflation cannot be eliminated overnight.

Finally, when answering questions raised by the students, Li Yining expressed his own views on the following: (1) The phenomenon of "official profiteering." The phenomenon of "official profiteering" shows that the circulation structure has to be reformed. The biggest defect of the system of public ownership is the combination of state power with the economic activities of the enterprises. The phenomenon of "official profiteering" has not simply been caused by the "two-way price

system" but by the traditional system of public ownership. Therefore, only by carrying out the reform of the system of public ownership will the phenomenon of "official profiteering" be thoroughly eliminated.

(2) When asked whether he advocates the total westernization and capitalization of China and what the difference between the joint-stock system to be enforced in the Chinese enterprises and that enforced in western countries is, Li Yining said that what he advocates is modernization, not westernization. The joint-stock system can be enforced in both the eastern and the western countries, for it is the product of a highly developed commodity economy. The biggest difference between China's reform practice and the practice of the western countries lies in that China's reform is not aimed at establishing the private economy but aimed at establishing a new system of public ownership under which the private economy is allowed to develop to a certain extent.

(3) Some people hold that after the state gains a controlling interest in the enterprises, the state control over the state-run enterprises will be further strengthened and legalized instead of being weakened. Li Yining said that the future of the state-run enterprises lies in the improvement of the entire social environment, including the reform of the political structure and the enactment of economic laws. Under the circumstances that the reform of the political structure has not been carried out hand in hand with the reform of the economic structure, the functions of the state have not yet been clearly defined, the reform of the state cadre system has not yet been enforced, the enterprises have not yet been allowed to establish their own systems, and the state cadres have not yet been placed under a new state cadre system, it is quite natural and understandable that the state, which has a controlling interest in the state-run enterprises, will continue to control them.

Not long ago, at the forum on "global membership" held by SHIJIE JINGJI DAOBAO, Li Yining criticized the short-term behavior and the lack of efficiency prevailing in society, and said that a nation without efficiency will certainly be in danger of being stripped of its "global membership." In order to overcome short-term behavior and raise the efficiency of our whole nation, it is necessary to carry out the reform of the ownership system and popularize and enforce the joint-stock system!

Factory Implements Labor Contract System
HK0211024888 Beijing CHINA DAILY in English
2 Nov 88 p 3

[By staff reporter Li Chao]

[Text] On Monday, a factory in Beijing became the third industrial enterprise in the city to introduce a labour contract system, a system which aims at raising productivity and making full use of workers initiative.

The Beijing Instrument Machine Tool Works is a medium-sized factory which mainly produces tool milling machines.

Liu Shuanglin, director of the factory, signed the contract with the chairman of the factory's trade union while workers and city government officials applauded.

Afterwards, representatives of various sectors at the factory signed contracts with Liu's agent.

The contract stipulates the duties, obligations and rights of both sides. The director is responsible for management and production at the factory and has the right to fire a worker if he or she violates the contract or State regulations.

This practice aims to break the traditional "iron rice bowl" labour system, which used to be considered a mark of the superiority of socialism over capitalism.

The reform should also deal a decisive blow against the old system of fixed wages and positions. The contracted workers will be paid according to their work performance and leaders can be removed from their posts if they prove incompetent.

A survey of the 1,162 workers at the factory after they signed the contracts showed that 83 percent of the workers signed a three-to-five-year contract. The rest signed contracts of two-to-10 years.

As for those who decide to leave, the factory will honour their decision and try to make the transition easier.

The factory's contract was revised and amended five times before being approved by the Workers Congress, Liu said.

The factory's products have been exported to more than 31 countries and regions. In the first nine months of this year, it sold 244 universal tool milling machines to Europe, the United States and countries and regions in Southeast Asia.

The factory is now striving to earn \$6 million annually in the next three to five years through its foreign sales, Liu said.

Silk Corporation Given Preferential Treatment

HK0211023488 Beijing CHINA DAILY in English
2 Nov 88 p 2

[By staff reporter Dai Beihua]

[Text] Prices on silk exported by the China National Silk Import and Export Corporation (CNSIEC) are not to increase but exports through other sources will be subject to existing taxes of 100 and 80 percent which came into effect on October 26.

Huang Jianmo, president of CNSIEC, explained at a news conference yesterday that his corporation had been given preferential treatment in claiming back taxes paid as part of the State Council's decision to unify silk exports.

He said that Sino-foreign joint ventures producing grey fabrics and printed silk would be able to claim back on taxes paid with a certificate from CNSIEC. But other departments or corporations trading in silk would not have the same preference. For them, 100 percent tax would be payable on all silk raw materials, including cocoons, raw silk, silk waste and spun silk and 80 percent on silk fabrics, either printed or dyed.

The Bank of China will also no longer provide loans to the "outside" firms with no guarantee of raw material supplies, low efficiency and producing poor quality goods. These units, including joint ventures planning to use raw silk materials as the basis of production which have yet to be established will either be wound up or closed. The State Council decision means that CNSIEC will unify the purchase of cocoon, silk and grey fabrics. Export contracts of silk will be run by CNSIEC and that of grey fabrics will go to branches of the corporation throughout China.

China, which has 20 million cocoon producers and 500,000 silk raw material makers, found itself caught in a cocoon price war early this year.

Because of wild and erratic price rises by illegal silk traders, especially in Jiangsu and Zhejiang Provinces, the purchase rate in Guangdong Province dropped by 40 percent in the first eight months of this year and 60 percent in Shandong.

Cocoon prices soared almost half again above the state prices which are between 430 and 480 yuan per dan (one dan equals to 50 kilograms). The state is allocating 474 million yuan more to the purchase fund to meet price increases.

The total purchase rate in China's seven main cocoon producing areas has increased by 6.4 percent, compared with the same period last year.

Now the price war has been stopped although in some areas prices remain high. For example, in Hubei Province the price remained 800 to 900 yuan per dan.

Huang estimated that the cocoon production would be better next year and the supply of silk to the world market would be improved.

"The total of exports next year will increase while prices will be a little bit higher," he said. The export prices in the first two seasons of next year will remain the same, but they will rise to 43 to 48 yuan a kilogram later, he added.

The main problem in China's silk production is that demand exceeds supply. The ratio of silk production capacity and raw material supply remains 1:3. So a shortage of raw materials threatens silk production.

A meeting to adjust the raw material supply will soon take place and it is hoped that it will solve the problem.

Foreign-Invested Enterprises Doing Well
OW0111200988 Beijing XINHUA in English
1433 GMT 1 Nov 88

[Text] Beijing, November 1 (XINHUA)—All Chinese enterprises with foreign investment had surpluses of foreign exchange in the first half of this year, a Chinese official said here today.

Speaking at the ongoing eighth business leaders symposium, Lu Yongkuan of the Ministry of Foreign Economic Relations and Trade said over 100 million U.S. dollars more was produced by these enterprises than was invested in them.

Owing to the efforts to improve the environment for foreign investment, he said, there has been a big increase in the number of enterprises with foreign investment. From January to August this year, China approved the establishment of 3,000 such enterprises with a contracted investment of 2.8 billion U.S. dollars, increases of 300 percent and 170 percent, respectively, over the same period last year.

According to him, 13,000 enterprises with foreign investment were approved between 1979 and August this year. Together with the agreements on developing offshore oil, they involve a contracted investment of 25.6 billion U.S. dollars, of which 10 billion dollars has been used.

Of the 6,000 enterprises that have been put into operation, Lu said, 85 percent are "doing well," and more and more foreign investors are utilizing the profits they have already gained to expand production or invest in other sectors.

However, he said, problems such as shortages of raw materials and price rises still exist. "We are facing these problems squarely and are determined to make relentless efforts to overcome them," he said.

Management of Water Conservancy System Lauded
HK0211044988 Beijing RENMIN RIBAO in Chinese
24 Oct 88 p 2

[Dispatch by reporter Xiao Junxi (5618 0193 3556): "The Water Conservancy System Creates Annual Output Value of 3 Billion Yuan Through Comprehensive Management"]

[Text] Through the gradual deepening of management reform, invigoration, and comprehensive management, the output value of the national water conservancy

system increased from less than 100 million yuan in 1978 to 3 billion yuan last year. The system has strengthened its own vitality and lightened the state burden and the degree of basic self-sufficiency in state-owned water conservancy project management units in their daily expenditure has reached over 65 percent.

Within the bounds of management and maintenance of water conservancy projects and facilities and with abundant water and soil resources; a large number of qualified scientific and technological personnel; and a large quantity of mechanical and electrical equipment, we have the conditions to create material wealth for social and personal development. In 10 years of reform they have broken with the unitary and closed system and implemented the policy of "carrying out diversification with emphasis laid on one item of work and conducting comprehensive management." The units which have conducted comprehensive management have developed from state-owned units to township and town units. Units ranging from project management units to whole system units, including hydrologic, water and soil conservation, scientific research, and education, throughout the country have all established a large number of production bases, and many reservoirs, sluices, and dykes have become well-known beauty spots. The water conservancy system in Shandong Province has over 2,000 projects in 10 large categories of comprehensive management; its products are sold to all provinces and cities throughout the country, and the output value reached 350 million yuan last year.

Hubei Province has developed fish-breeding in reservoirs and its gross output amounted to 26.55 million kg last year, some 100 percent more than 5 years ago. The province has utilized its land to develop fruit production, including oranges and tangerines, and the annual output is some 7 million kg.

With the development of comprehensive management, water conservancy project units have bolstered their actual economic strength, begun to change the situation of completely relying on the state, and are also able to invest money in the maintenance, management, and construction of water conservancy projects. Some 60 township and town water conservancy stations in Wujin County, Jiangsu Province, are self-sufficient in all current expenditures and have spent 450,000 yuan of their own funds on the maintenance, repair, and transformation of water conservancy facilities over the past 8 years. This amount greatly exceeds financial appropriations. The living standards of the staff members and workers have improved greatly.

In the middle of October, the Ministry of Water Resources commended the advanced units and individuals in comprehensive management.

Birth Control Program 'Ineffective' in Provinces
*HK0211032188 Hong Kong SOUTH CHINA
MORNING POST in English 2 Nov 88 p 2*

[By Marlowe Hood]

[Text] China's population in the year 2000 will likely exceed the long established target of 1.2 billion by more than 100 million, according to a senior researcher in the National Family Planning Commission.

The government's birth control program—which seeks to limit most couples to one child—succeeded in keeping the birth rate well below two per cent during the early 1980s.

But the unprecedented ability of financially independent households to absorb economic sanctions, combined with widespread corruption and lax discipline among local birth control officials have resulted in a sharp increase in the number of new mouths to feed.

"There are several districts in China which average five births per couple," noted the researcher. China has 325 districts and cities with an average population of more than three million residents.

"In many provinces, the birth control policies are largely ineffective," he said.

Only recently have senior officials admitted that the 1900 goal of limiting the population to 1.2 billion by the end of the century is unrealistic. Ms Peng Peiyun, minister in the State Family Planning Commission, still upheld the target by saying that a figure of 1.27 billion by the year 2000 was more than likely, according to yesterday's CHINA DAILY.

Central officials are secretive about actual population statistics, which are generally higher than published figures, said the researcher. But even these internal figures many underestimate the real birth rate, he added.

Local cadres in 16 cities and provinces deliberately falsified regional birth rates for last year by up to 0 per cent, according to the PEOPLE'S DAILY. Family Planning Commission officials at the grass roots level—who work on a contract basis—face fines and disciplinary action if their regions exceed quotas.

Even when these officials do manage to comply with central directives, their work is sometimes undone. In last year and the first part of this year, for example, more than 70 per cent of the women in Butuo County, Sichuan Province, fitted with IUD's (intrauterine devices) under the supervision of birth control officials later removed them, according to the SICHUAN DAILY. The local press is full of similar reports on how couples circumvent official efforts to limit population growth.

The crux of the birth control program is the "one child per family" policy. But a recent survey by the Family Planning Commission revealed that 72 per cent of all couples said they wanted more than one child. In the countryside—home to 80 per cent of China's current population of 1.07 billion—the figure is 90 per cent. Ironically, a reduced role of the state in family life has made it possible for these couples to disregard national directives.

Greater wealth and financial independence resulting from liberal economic reforms have made it easier for rural residents to flout regulations and pay stiff penalties for having more than one child. Furthermore, some local officials charged with enforcing the policies sometimes have several children themselves and accept bribes from other couples who want larger families.

Comparison of Qiao Shi Report to Discipline Group

Beijing RENMIN RIBAO in Chinese on 29 October carries a 3,300-character work report by Comrade Qiao Shi at the 3d Plenary Session of the Central Discipline Inspection Commission entitled "Intensify the Enforcement of Party Discipline To Ensure Achievement of the Objective of Deepening Reform in All Fields." This version has been compared with the XINHUA Domestic Chinese version published in the 31 October China DAILY REPORT, pages 20-23, revealing the following variations:

Page 23, first column, paragraph two from: ...is particularly necessary for them to make greater efforts to supervise and inspect how well party committees and leading party cadres at the same level have implemented the central authorities' policy decisions. If signs of...[noting variant wording]

East Region

Anhui Party Committee Plenary Session Ends OW0111135688 Hefei Anhui Provincial Service in Mandarin 1100 GMT 25 Oct 88

[Excerpts] The Ninth Plenary Session of the Fourth Anhui Provincial CPC Committee, which lasted for 6 days, successfully closed on 24 October after fulfilling all the tasks listed on the agenda.

This meeting relayed and studied the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and noted that comrades participating in the meeting unanimously supported the plenary session's analysis of the current political and economic situation and its important policy decisions on improving economic environment, overcoming economic disorder, and strengthening reform in all areas, which are completely correct and will be implemented in actual work.

The meeting pointed out that the reports made by Comrades Lu Rongjing and Fu Xishou on behalf of the Standing Committee of the provincial party committee were in conformity with the central authorities' guidelines as well as the actual conditions in Anhui, and that the measures presented in the reports for implementing the guidelines are feasible and should be earnestly carried out by party organizations at all levels. [passage omitted]

Fu Xishou, deputy secretary of the provincial party committee, presided over and addressed the closing session of the Ninth Plenary Session of the Fourth Provincial CPC Committee. [passage omitted]

Comrade Fu Xishou said: We believe that this plenary session will help promote the strengthening of reform in our province along the path charted by the CPC Central Committee, facilitate a healthy economic growth in our province, and bring about new achievements in the development of the two civilizations.

Fujian's Chen Meets Hong Kong Women's Group OW0111141388 Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 23 Oct 88

[Text] Chen Guangyi, secretary of the provincial party committee, met with a women's delegation from Hong Kong's Po Leung Kok at the Xihu Hotel in Fuzhou on the evening of 22 October. The delegation was headed by (Cao Juming). (Zhuang Ticheng) and (Lu Qingtao) were its deputy heads.

Chen Guangyi welcomed the Hong Kong guests, saying: Fujian will continue to open to the outside world. The efforts to improve economic environment and overcome economic disorder are designed to further promote reform in the future. He welcomed Hong Kong's businessmen and entrepreneurs to invest and set up factories in Fujian to help promote its economic development.

Delegation head (Cao Juming) and deputy head (Zhuang Ticheng) expressed delight over achievements made by Fujian in the past 10 years in the course of reform and opening to the outside world, and wished Fujian even greater success.

Hong Kong's Po Leung Kok, a nongovernmental charity organization operated by the upper strata in Hong Kong, was founded 110 years ago. This was the organization's first visit to Fujian.

After the meeting, Chen Guangyi hosted a banquet in honor of the guests.

Jiangxi's Governor Comments on Improving Economy OW3010021288 Nanchang JIANGXI RIBAO in Chinese 11 Oct 88 p 1

[Text] The Seventh Plenary (Enlarged) Session of the Eighth Jiangxi Provincial CPC Committee began on 9 October in Nanchang. The meeting's major agenda items included transmitting, studying, and implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the CPC Central Committee Working Conference; analyzing the current situation; strengthening party leadership; organizing and mobilizing the province's people; placing the emphasis of reform and construction for the next 2 years on improving the economic environment and straightening out the country's economic order with greatest determination; and carrying out comprehensive reform in a guided and orderly way, with each aspect supplementing and promoting the others so as to further consolidate and develop our province's excellent situation.

Wu Guanzheng, deputy secretary of the provincial CPC Committee and governor, and Liu Fangren, deputy secretary of the provincial CPC Committee, respectively presided over the meetings held on the mornings of 9 and 10 October. Also sitting at the rostrum were Jiang Zhuping, Wang Zhaorong, Wang Baotian, Lu Xiuzhen, Liu Zhonghou, Wang Shufeng, Zhu Zhihong, Xu Qin, Wu Ping, Fang Zhichun, and Fu Yutian.

At the 9 October morning meeting, Comrade Liu Fangren conveyed the main spirit of the 3d Plenary Session of the 13th CPC Central Committee and the CPC Central Committee Working Conference. He noted five areas. They were: first, correct understanding of the current situation and placing the emphasis of reform and construction for the next 2 years on improving the economic environment and straightening out the economic order. Second, steadying the reform's direction and carrying out comprehensive reform in a guided and orderly way with each aspect supplementing and promoting the others. Third, strengthening party leadership and putting our political superiority into play to ensure the smooth fulfillment of improving the economic environment, rectifying economic order, and deepening reforms. Fourth, the guiding principle for price and wage

reforms and major supporting measures to improve the economic environment, rectify economic order, and deepen reform. Fifth, strengthening and improving enterprises' ideological and political work to ensure the smooth progress of modernization construction, reform, and opening up to the outside world. He pointed out: The two meetings of the party Central Committee were major meetings convened at critical times with both important practical and far-reaching historical significance. We fully support the decision of the party Central Committee. We would surely implement the spirit of the two meetings in every area of our work and strive to fulfill the tasks laid down by the party Central Committee.

During and after the conclusion of the CPC Central Committee Working Conference, the provincial party committee called an urgent meeting of prefectural and city party committee secretaries and an enlarged meeting of the provincial CPC Committee's Standing Committee to expeditiously transmit the spirit of the CPC Central Committee Working Conference. The provincial party committee unified thinking, studied the work to be done, and arranged for localities to do the work well. Again, after the conclusion of the 3d Plenary Session of the 13th CPC Central Committee, the provincial party committee's Standing Committee earnestly restudied the spirit of the two meetings, integrated the study with the province's actual condition, and laid down measures for implementation. At the plenary session of the provincial party committee held on the morning of 10 October, Comrade Wu Guanzheng delivered a report on the province's implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the CPC Central Committee Working Conference on behalf of the provincial CPC Committee's Standing Committee and at the request of Comrade Mao Zhiyong who is now visiting abroad.

Wu Guanzheng, after briefing the meeting on our province's economic situation, pointed out: The general economic situation in the province is good at present, but a number of difficulties and problems also exist. The most conspicuous ones are the obvious inflation in economic life and the relatively marked increases in commodity prices. The problems that exist in other parts of the country also exist, to varying degrees, in our province. Consumption funds have not been strictly controlled. Despite bans, there is no stopping the phenomenon of indiscriminate issuing of bonuses and objects; extravaganzas, flaunting of riches, extravagance, and waste are no longer isolated cases. The problem of serious confusion exists in circulation. There are endless cases of speculative sales, middleman exploitations, and hoarding. Random price hikes, arbitrary fee collections, disguised price increases, and "chain-effect price increases" are rather serious. To ensure a sustained, stable, and healthy growth of economic development, we should conscientiously and resolutely implement the CPC Central Committee's decision. Emphasis of reform and construction for the next 2 years should be placed on

improving the economic environment and rectifying the economic order under the general principle of adhering to reform and opening up to the outside world. To realize this goal, the whole party should unify thinking and action. Leadership at all levels, party members, and cadres should have a correct understanding of the situation; recognize the main trend; and further strengthen their confidence in, and determination for, reform. We should seriously deal with problems that exist in current economic life. But we should never underestimate the great achievements of the past decade of reform just because of present problems. The party Central Committee is determined to improve economic environment and rectify economic order, which are not only necessary conditions for deepening reform but also important reform components. We should correctly understand the relationship between the two, correctly guide the media, encourage the people to have more confidence, and forge forward. At the same time, we should be well prepared to meet difficulties and problems, be ideologically prepared to sacrifice certain partial interests, and absolutely subject ourselves to the state's major decision based on macro consideration. We should plan in detail the measures that need to be adopted; and we should carry forward the excellent tradition of taking the overall situation into consideration; and make unremitting efforts to deepen reform.

Wu Guanzheng emphatically pointed out: To improve the economic environment, we must not only greatly cut down demands but also strive to effectively increase supply. Therefore, the fundamental way out is to develop social productive forces. He said: To check inflation and solve the contradiction of total demand exceeding total supply, we must now adopt various measures. We must effectively curb the rapid increase of consumption funds. Currently, some departments in some places are vying with each other for wages, bonuses, and subsidies. This unhealthy trend must be resolutely curbed. No administrative units or enterprises in Jiangxi are allowed to violate regulations by using public funds to purchase articles and distribute them among staff members and workers or by issuing bonuses and subsidies at will. It is necessary to further study and perfect regulations on enterprise wages and bonuses linked to economic results. Institutional buying power must be cut by large margins. During the coming 3 years, all provincial organizations and institutions must strictly reduce the purchase of small motor vehicles. They must not be permitted to purchase color television sets, refrigerators, stereos, sofas, rugs, or other high-grade consumer goods. Using public funds to buy famous brand cigarettes or wine, or for touring or buying presents is strictly prohibited. If banquets are necessary and gifts are needed in foreign service activities, relevant regulations must also be strictly followed. It is necessary to streamline meetings and cut down the number of documents, briefings, and restricted publications. To control the scope of fixed assets investment, straighten up projects now under construction, readjust the investment structure, and curtail the strong demand for investment, we must devote

our main efforts to cutting down the number of nonproductive, urban construction, and duplicate processing industrial projects, and push forward essential construction projects. The provincial party committee and government have decided to stop building new official buildings, auditoriums, guesthouses, and hotels throughout the province for the next 3 years. Those already under construction, whether large or small scale, must be straightened up one after another. All but one or two construction projects less than 70 percent complete should, in principle, be suspended. Cities should not start "specialized business streets" or high-quality cadres' dormitory projects. No more small cotton textile plant, aluminum material plant, or other duplicate processing industrial projects are permitted to start construction; those already under construction must, in principle, be suspended.

Except those in such cities and counties as Nanchang, Jinggangshan, Pingxiang, Ninggang, Xingguo, Ruijin, Geyang, and Shangrao, certain memorial halls in all other localities may also be used as school buildings or teachers' dormitories. All unfinished construction projects should be individually screened, and firm action must be taken to suspend the construction of some of them in order to ensure the needs of others. While curtailing excessive demands, we must make great efforts to develop productive forces and continue to do everything we can to improve our economic performance and maintain appropriate growth. Jiangxi has great agricultural potential, and we must provide stronger leadership in order to speed up economic development in the rural areas. We must also maintain a steady industrial growth. In order to ensure higher revenues this year, we must continue to carry out the drive to increase production and revenues and conserve resources and expenditures. We must provide stronger macroscopic regulation and control over the economy and properly, and in a timely manner, apply economic leverages so that the economic mechanism—namely "the state regulates the market, and the market guides enterprises"—can be gradually installed.

Wu Guangzheng said: To stabilize the economy and put people's minds at ease, the most important thing to do is to firmly stop all unscrupulous raising of prices. The decision made by the provincial party committee and government that no more price readjustments will be authorized this year must be earnestly followed by all local authorities. The prices of all commodities must be clearly labelled and must not be raised without authorization. Efforts must be made in all sectors to ensure that next year's price increases will be noticeably lower than this year's. To eliminate disorder in circulation, we must, first of all, screen the operation of companies; punish "bureaucrat profiteering;" pay special attention to handling those enterprises maintaining connections with, or operated by, government departments, and make windfall profits by reselling goods. Party and government organs are strictly forbidden from operating any companies. To punish "bureaucrat profiteering," authorities in

charge of economic restructuring, supervision, business operation, price control, and auditing work should closely coordinate their work with one another and have the courage to deal with problems. They should mobilize the masses to report all irregularities, deal with typical cases, and strive to achieve a breakthrough in important areas. Resolute action must be taken to stop and strike at all reselling, stockpiling, price manipulating, speculating, and intermediary exploiting activities, as well as all misconduct that undermines financial order. All illegitimate acts of making windfall profits must be seriously handled. To enforce all rules and regulations governing commodity prices and financial and economic affairs, we must organize personnel to carry out taxation, fiscal, and price inspection throughout Jiangxi. We must stop all price increases that violate state regulations. All incomes obtained from raising prices illegally must be turned over to the state, and all serious misconduct must be punished. Efforts must be made to establish order in the circulation of major commodities: Only food departments can purchase foodgrain; only supply and marketing cooperatives can purchase cotton; supply and marketing cooperatives must handle the trading of chemical fertilizer, agricultural chemicals, plastic sheeting for agricultural use, and other major production materials; and state-designated departments must monopolize the selling of salt and tobacco. Efforts must be made to ensure the supply of people's daily necessities. Special efforts must be made to ensure cities' foodgrain, vegetables, meat, poultry, eggs, fish, and other nonstaple foods supplies. The supply of commodities for daily use should be ensured. The prices of same-brand commodities should be uniform everywhere in a city or county. Efforts must also be made to ensure the procurement of agricultural goods and nonstaple foods, especially foodgrain, edible oil, and cotton, so as to ensure normal supply of raw materials on the market and for production. Eliminating and controlling disorders in circulation means stopping loopholes and correcting defects discovered during the new system's replacement of the old one; it does not mean returning to the old path. We must persist in opening the market, continue to open the border market [bian ji shi chang 6708 7139 1579 1034], promote commodity cooperation and exchange with coastal areas and other provinces and municipalities, and compete with them. Instead of blocking avenues of circulation, we should make great efforts to improve management.

Wu Guanzheng pointed out: The establishment of a new order of socialist commodity economy calls for deepening reform in all fields in an orderly, firm, reliable, and well-guided manner. In recent years we have adopted a series of measures for reform and opening up. Now we should examine our work, continue to uphold and improve those measures which are effective and in line with the needs of the state in order to maintain the cadres and the people's enthusiasm, and so that our reform program can continue to move forward. Our reform requires the coordination of reform programs in all sectors. Although the scale of next year's price reform

is relatively small, our enterprises must intensify reform in order to achieve a noticeable improvement in their economic performance. We should continue to separate enterprises from administrative departments so that enterprises which have the resources can operate openly. We should optimize the structure of enterprises; promote and support cooperation between, or the merger of, enterprises; and actively launch pilot enterprise groups. For the sake of rural reform and expediting rural economic development, we should intensify investigation and study, sum up and disseminate advanced experiences, continue improving the contract system governing the use of land, and promote all forms of cooperative economies.

Wu Guanzheng said: During the course of cleaning up the economic environment, improving economic order, and deepening reform in all fields, we must give full scope to the party's leadership, its leading-core and supervisory roles, as well as to the fighting-fortress role of all party organizations and the exemplary vanguard roles of party members. We should also rely closely on the masses, and enlist the support of people throughout Jiangxi to push forward reform and construction. Party discipline must be strictly enforced, the relationship between partial interests and the interests of the whole must be properly handled, and all bans and prohibitions must be firmly enforced. Party organizations at all levels and all Communist Party members must voluntarily accept the control of party discipline; maintain a high degree of unity with the party Central Committee in terms of thinking, political awareness, and actions; and firmly safeguard the leading authority of the party Central Committee and the State Council. We should make the best use of the current trend to intensify education, and use lively ideological and political work to unite the masses. We should intensify socialist democracy and law, and improve public order so as to safeguard the political situation characterized by stability, unity, democracy, and harmony. Party and government organs at all levels should take the initiative to perform their duties honestly, work hard, and share weal and woe with the masses. Things the masses detest most today are: corruption, bribe solicitation, extortion, resale of popular goods in short supply, squandering of public funds, wastefulness, and pursuit of extravagance by some party and government functionaries. Decisive measures must be taken to deal with these problems, which must never be tolerated. While we must learn how to swim in the sea of commodity economy, we must not be devoured by the maelstrom of corruption. We should guide our thinking and deeds with the guidelines set forth by the two meetings of the party Central Committee [the 3d Plenary Session of the 13th CPC Central Committee, and the CPC Central Committee Working Conference], carry forward the party's glorious revolutionary traditions, unite together as one, make concerted efforts, and strive to achieve even greater successes in Jiangxi's reform and construction.

Present at the plenary session were 528 people, including full members and alternate members of the Jiangxi

provincial party committee and members of its Advisory and Discipline Inspection Commissions; leading comrades of provincial departments and all prefectures, municipalities, and counties; and principal leading comrades of schools of higher education and some factories and mining enterprises. Leading party-member comrades of various provincial departments and units attended the meetings on the mornings of 9 and 10 October to hear comrade Wu Guanzheng's report read by comrade Liu Fangren.

On the afternoon of 9 October, attendees of the plenary session began earnestly studying and discussing the documents issued by the 3d Plenary Session of the 13th CPC Central Committee and the party Central Committee Working Conference.

Jiang Zemin at Shanghai Social Science Forum
OW0111134588 Shanghai City Service in Mandarin
2300 GMT 24 Oct 88

[Text] The Shanghai Philosophy and Social Science Federation opened its fourth session yesterday afternoon. The session is held once every 4 years. Shanghai municipal party and government leaders, including Jiang Zemin, Zhu Rongji, Zeng Qinghong, Chen Zhili, Wang Chongji, and Liu Zhenyuan attended the opening ceremony. Also attending the ceremony were Hu Lijiao, (Xu Zhusan), (Li Kuinan), and Wu Wenqi.

Luo Zhufeng, chairman of the federation, gave a work report on behalf of the third committee of the federation. Jiang Zemin, secretary of the Shanghai Municipal CPC Committee, extended greetings to the meeting on behalf of the municipal party committee and government. He spoke highly of the work done by the federation. He said: The federation, with its nearly 100 societies and more than 50,000 members, incorporates all kinds of disciplines and a galaxy of talent. It has the strong point of gathering Shanghai's major theoreticians in one place. It is a major front army in revitalizing Shanghai and developing social science. It is hoped that the federation will play an even better role in strengthening the link between the party and government on the one hand and the vast numbers of social scientists on the other hand, in uniting, organizing, and coordinating social scientists to conduct research and participate in decision making, providing consulting services to the public to ensure that the results of social science research are available to society, and helping the vast numbers of cadres and the masses to enhance their theoretical awareness and raise their theoretical standards.

The session will examine and adopt a new federation charter and elect a new leading body through consultation.

Zhejiang's Xue Ju at Division Inauguration
OW0111140388 Hangzhou Zhejiang Provincial
Service in Mandarin 1000 GMT 25 Oct 88

[Text] The Zhejiang provincial party committee, provincial government, and provincial Military District jointly

held a grand meeting at the Great Hall of the People this afternoon to mark the inauguration of the Zhejiang Reservist Division.

Yang Shijie, deputy commander of the provincial Military District, presided over the meeting. Wang Chengbin, deputy commander of the Nanjing Military Region, announced the designation of the Zhejiang Reservists Division and presented the division its ensign.

On behalf of the provincial party committee and government, Comrade Xue Ju was on hand to extend his congratulations. He said: The activation of the reservist division is a major event in the history of Zhejiang's armed forces work as well as an effective way to strengthen the reservist forces of national defense. It suits China's national conditions, is in line with the principle of national defense construction, and meets the needs of the nation's overall economic construction. Therefore, it is good news of benefit to the nation, the Army, and the people.

In his speech, Xu Yongqing, political commissar of the provincial Military District, pointed out: The organization and establishment of reservist units reflects the Army's guiding ideology for army building as well as a change in strategy.

Also speaking at the meeting were Wang Chengbin, deputy commander of the Nanjing Military Region, and (Lu Mengqi) of the PLA General Staff Headquarters.

Attending the meeting were party and government leaders of Zhejiang Province and Hangzhou City including Shen Zulun, Tie Ying, Wang Yumin, Shang Jingcai, and (Lou Wenge); leading comrades of the provincial Military District; responsible comrades of Army, Navy, and Air Force Units stationed in Hangzhou; and responsible comrades of local armed police units and provincial departments concerned.

Central-South Region

Shenzhen Cracks Customs Bribery, Smuggling Case
HK0211065388 Hong Kong WEN WEI PO
in Chinese 1 Nov 88 P 1

[Dispatch: "Shenzhen Cracks Huge Bribery and Smuggling Case"]

[Text] Shenzhen cracked an exceptionally big case of customs officers taking bribes and conspiring with outsiders in smuggling. The sum of money involved is as large as has ever been seen since the founding of our People's Republic.

As disclosed by the responsible officer in the Shenzhen Procuratorate, the suspects in this case, referred to as "Case 1.15", include former young customs officers at Wenjindu Customs Hu Shaokun, Zeng Zhaoqiang, Liu

Bing, Liu Weizhong, Lin Feng, Chen Xueru, and Chen Pengfei, and a Hong Kong businessman Wu X-quan, have been arrested according to law. The suspects involved in another two big cases of a similar nature deriving from this case have also been captured and brought to justice. A preliminary investigation shows that the persons involved in the above cases are suspected of having unscrupulously connived at big-scale smuggling by abusing their power and working with outsiders, and the bribes received are believed to total several millions of Hong Kong dollars with Hu Shaokun, among others, sharing more than one million.

The case was discovered after a concerted effort by the investigation department under the Kowloon Customs and the public security organs in Shenzhen. On 25 January this year the anti-contraband personnel from Kowloon and Shenzhen, according to information provided by the masses, followed the trail of three trucks loaded with nylon cloth, and found that the goods imported in the name of "charity" were in fact sent to Guangzhou for profiteering. Two Hong Kong businessman Wu X-quan and Zeng X-qiang, who travelled behind in a small car, were also intercepted and arrested on the spot.

During interrogation, Wu X-quan gave an account of how he worked hand in glove with the customs officers at the Wenjindu Customs in smuggling over the last few years. The procuratorate and the Public Security Bureau in Shenzhen worked in close coordination with the Kowloon Customs and arrested the leading suspects according to law in a number of raids. Hu Shaokun tried in vain to escape and commit suicide upon hearing the news.

In their action the investigation personnel seized a sum of over HK\$1 million, gold jewelry, color televisions, motorcycles, and so on, supposedly received in bribes. They sealed a private flat worth more than HK\$300,000, in the Gaojia Building, which was believed to have been purchased with illicit money.

It is also revealed that from the end of 1980 to January this year, Wu X-quan was believed to have colluded with lawbreaking Hong Kong businessmen. They processed materials in Fujian and other places and then, using all kinds of mean tricks, bought over the customs officers who, in their turn, helped Wu smuggle large quantities of nylon cloth, cigarettes, cotton yarn, cotton cloth, raw silk, and rabbit fur for speculation. They used methods like forging declaration forms, forging forms of cancellation after verification, and "declaring more than was really taken out." From these operations Wu X-quan gained exorbitant profits and Hu Shaokun and others took large amounts of bribes, while the state sustained a great financial loss.

The procuratorate in Shenzhen is further investigating the case and has exonerated from indictment some customs officers who received smaller bribes and performed meritorious service to atone for their crimes.

Guangdong Assigns CPC Work Committee Leaders
HK0211051588 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 2 Nov 88

[Text] The Guangdong Provincial CPC Committee yesterday decided to appoint Comrade Fang Bao secretary of the party work committee in organs directly under the provincial party committee, and to appoint Comrade Di Changyun secretary of the party work committee in organs directly under the provincial government.

Guangdong To Abolish Organ Party Groups
HK0211053188 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 2 Nov 88

[Text] The provincial party committee recently approved and circulated a report of its organization department on gradually abolishing the party groups in the government organs. The committee demanded that the provincial organs seriously implement this report.

In its comment on the report, the provincial party committee said that abolishing the party groups in the provincial organs is an important measure in political structural reform, which will help to promote the unity and improve the functions of government work. The work of abolishing the party groups should be carried out in a planned and measured way. It is necessary to pay attention to doing this with coordination and avoid lack of cohesion. After the party groups are abolished, it is necessary to strengthen organ party work. When conditions are ripe for their abolishment, the party groups of the various units must submit reports, and they can only be abolished after the provincial party committee has given approval and issued a circular.

For reasons of work, the party groups of the provincial radio and television department, the provincial judicial department, and six other units will not be abolished for the time being.

Henan Meeting Discusses People's Congress Issues
HK0211012588 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 1 Nov 88

[Text] A Henan provincial conference on People's Congress work concluded in Zhengzhou today after 3 days in session. The meeting was attended by secretaries of city, prefectural, county and district party committees, mayors, prefectural commissioners, county governors, and People's Congress Standing Committee chairmen. Provincial party committee Secretary Yang Xizong, Acting provincial People's Congress Standing Committee Chairman Lin Xiao, and Governor Cheng Weigao spoke.

The meeting held that in recent years, under the leadership of the party committees at all levels, the people's congresses and their standing committees at all levels in

the province have done a great deal of work and scored notable achievements in seriously implementing the line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee and exercising the powers conferred on them by the constitution and the law. The role of the people's congresses has become ever greater and their prestige has risen ever higher.

The meeting pointed out that it is necessary to further enhance understanding of People's Congress work, attach importance to and support the work of the people's congresses at all levels, and correctly handle relations between the party committees, people's congresses, and government. To resolve this issue, we must first ideologically get right the relationship between upholding party leadership and giving scope to and exercising the role of the state power organs. Party leadership over the state power organs is mainly political leadership, that is, leadership in political principles, political orientation, and major policy decisions. The party committee's leadership over the People's Congress and its Standing Committee mainly means turning the party's guiding ideas into the guiding ideas for the work of the People's Congress and its Standing Committee, and exercising party leadership through the guarantor role of the party group in the People's Congress Standing Committee and the model and leading role of the party members. The people's government at all levels must be responsible to the people and spontaneously accept supervision by the People's Congress, promptly take the initiative in making truth-seeking reports on its work to the People's Congress and its Standing Committee, enthusiastically support the inspections and investigations carried out by the People's Congress deputies, and directly listen to their criticisms, views, and suggestions.

The meeting held: The relationship between the party committee, the People's Congress, and the government is not a relationship of a tripartite balance of three powers [san quan ding li]. Although their functions differ, their goal is the same. Under the party's unified leadership, they must respect, support, and understand each other and closely cooperate in jointly making a success of the cause of the party and people.

The meeting emphasized: China's reforms have now entered a crucial period. The task of improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms is very heavy. Under the provincial party committee's leadership, in accordance with the demands of this meeting, we must brace spirits, clear the way to forge ahead, and do still better in People's Congress work, so as to make still greater contributions to invigorating Henan's economy and promoting the province's socialist modernization.

Hubei To Launch Extensive and Thorough Education
HK0211020788 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 1 Nov 88

[Excerpts] A 3-day provincial conference of propaganda department chiefs concluded in Wuhan yesterday. The meeting discussed the question of launching extensive and thorough education on the situation throughout the urban and rural areas and made arrangements for this education and for propaganda work in the coming winter and spring. Provincial party committee Secretary Guan Guangfu and Deputy Secretary Qian Yunlu joined in discussions and spoke at the meeting. (Wang Zhongnong), director of the provincial party committee's propaganda department, relayed the spirit of the national conference of propaganda department chiefs and the ninth enlarged plenary session of the fourth provincial party committee. [passage omitted]

Comrade Guan Guangfu said in his speech: The most fundamental thing in making a success of education is study. The key to resolving the problems is the spirit of the 3d Plenary Session of the 13th CPC Central Committee. How deeply we understand this spirit will determine the degree to which we carry out the work of improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms. It will also determine the degree to which we carry out education.

On what to focus on, Guan Guangfu said that it is necessary to fully proclaim and explain the achievements, the difficulties, the methods, and the prospects. This embodies the overall thrust of education on the situation and the spirit of linking with reality and seeking truth from facts. [passage omitted]

Guan Guangfu said: At present there is a mood of echoing the views of others and spreading gossip. This is a very bad mood. It is a corrosive and negative phenomenon. Through investigation and study, we should distinguish between external and internal things and between the essence and the non-essence; in this way we can distinguish between different problems raised at different levels and by different objectives and carry out propaganda and explanatory work accordingly.

Guan Guangfu expressed the hope that education will stimulate the work of improving the environment and rectifying the order, and also that it will become a new starting point in strengthening and improving ideological work. [passage omitted]

Southwest Region

Yunnan Seminar on Party Building Theory Closes
HK0111073588 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 31 Oct 88

[Excerpt] At a recent seminar on theory of party building in the initial stage of socialism of Yunnan Province, Deputy Secretary Nie Ronggui of the provincial party

committee delivered a speech on party building, and research of theories relating to party building. He pointed out: In the past, our studies of building the party and especially the studies of integrating theory with practice, was far from enough. As a result, there developed a situation in which theoretical research persons did not run affairs and persons in charge did not study theory. Such a situation must be changed.

Comrade Nie Ronggui stressed the following six points on how to strengthen party building: 1) Party building must be strengthened while building socialism. 2) Party building is aimed at guaranteeing implementation of the party's basic line in the initial stage of socialism, and we will divert party building from its correct orientation provided we deviate from the party's basic line. 3) Apart from a correct line, the key to strengthening party building lies in improving the quality of party members and enhancing the level of leadership exercised by party member cadres. 4) The relationship between strictly governing the party and implementing reform and opening up policies must be correctly handled. 5) Adherence to the principle of exercising collective leadership and democratic centralization provides an important guarantee for cementing the unity of the party, enhancing the enthusiasm of party members and fulfilling tasks of the party and also constitutes a very important aspect in party building. 6) Perseverance in the principle of the party handling party affairs is the crux to strengthening party building.

The 5-day seminar on the theory of party building concluded on 30 October, which was sponsored by the provincial Discipline Inspection Commission, and the Propaganda Department, the Organization Department, and the Party School under the provincial party committee. [passage omitted]

North Region

Beijing Holds Plenary Meeting on Rectification
SK0211090488 Beijing BEIJING RIBAO
in Chinese 19 Oct 88 p1

[Text] The municipal government held its first plenary meeting yesterday to conscientiously implement various tasks and measures to improve the economic environment and rectify economic order which were put forward by the 3d Plenary Session of the 13th CPC Central Committee, the State Council plenary session, and the fourth enlarged plenary session of the sixth municipal party committee; to strictly implement the responsibility system at all levels from mayors and vice mayors to committees, offices, bureaus, districts, counties, and general companies; and to share the tasks among each level. The meeting called on governments at all levels and leading cadres at various levels to clearly understand the situation, strengthen confidence, reform their own duties, work with coordinated efforts, and resolutely

guarantee the comprehensive implementation and fulfillment of various tasks to improve the economic environment and rectify economic order.

Members of the municipal government attended the meeting, with principal responsible persons of various districts, counties, and general companies attending as observers.

Mayor Chen Xitong presided over and addressed the meeting. He stressed: Beijing Municipality's current political and economic situation is comparatively good. The CPC Central Committee's principle on improving the economic environment, rectifying economic order, and comprehensively deepening reform is positive. Improving the economic environment and rectifying economic order is aimed at better promoting reform. There are certainly many problems and difficulties in our road of advance; however, we have great hopes and many ways to overcome them. In the face of difficulties, we should see the bright side and favorable conditions and should strengthen our confidence. We overcame great difficulties during the difficult 3-year period. Today, as long as we implement conscientiously the various CPC Central Committee and State Council resolutions, decide to fulfill various screening and consolidation tasks, and persist in deepening reform comprehensively, we will be able to overcome all difficulties. Administrative leaders at various levels should maintain close cooperation with party organizations, trade unions, and CYL committees; do a good job in the ideological and political work of workers and staffers; and inspire the sentiments of the masses to further develop the excellent situation.

Chen Xitong called on cadres at various levels not to fear hurting each others' feelings. He urged them to have the courage to tackle difficult problems and to withstand the test of difficulties. He said: In the course of improving the economic environment and rectifying economic order, we will surely encounter difficulties or even resistance. If we fear hurting each others' feelings and serve as good old folks and peacemakers, it will be impossible for us to continue the investigations and consolidation work. "Invigorating enterprises amid difficulties" means that enterprises can be run well as long as they can withstand the test of various difficulties. "Trained personnel and good cadres can emerge after great difficulties" means that the current work to improve the economic environment and rectify economic order is the best opportunity for testing and tempering cadres. Anyone who has the greatest determination and who can do a good job in overcoming difficulties can grow rapidly and stand the test. He called on various departments concerned and leading cadres at various levels to implement the responsibility system strictly, perform their own duties, work in a down-to-earth manner, and see who has the greatest determination to implement the CPC Central Committee and municipal party committee tasks for improving the economic environment and

rectifying economic order and who can grasp the work well. He stressed: Beijing is the capital. The leading cadres of Beijing should play a leading and exemplary role.

At yesterday's meeting, Executive Vice Mayor Zhang Jianmin worked out plans for the various current work. He called on governments at all levels and various units concerned to conscientiously implement various improvement and rectification measures which were put forward by Comrades Li Ximing and Chen Xitong at the fourth plenary session of the sixth municipal party committee. In addition, he also called on them to grasp industrial production well during the fourth quarter, to grasp agricultural production during this winter and next spring, and to actively organize the sources of goods and properly arrange for the market. He said: In order to guarantee that all improvement and rectification measures will be implemented where needed, the municipal General Office has already broken down the measures into 72 items and implemented them in various departments concerned. In addition, mayors have also clarified their responsibilities. Leaders at all levels should take the lead in performing their official duties honestly and should strictly observe the law. Various committees, offices, and bureaus and leaders of departments concerned must realistically shoulder their responsibilities and should be held personally responsible for any problems that arise.

Executive Vice Mayor Zhang Baifa also gave a speech on curtailing the scope of capital construction and on screening projects under construction, stressing that this is the key measure for improving inflation. He said: During the previous stage, we did certain work to curb the scope of capital construction. We must now be even more determined to clean up projects under construction and to curtail capital construction projects. Various units concerned should overcome the idea of selfish departmentalism, take the whole situation into account, and resolutely support the curtailment work. We should curtail whatever capital construction projects we should curtail; and we should guarantee whatever capital construction projects should be guaranteed, such as key projects, Asian Games projects, urban civil infrastructure facilities, and the contracted joint venture projects.

Vice Mayor Huang Chao gave a speech on the purchase and supply of cabbages. He stressed: The purchase plans of various districts and counties must be fulfilled and should not be even 1 kg short. The method of supplying fixed amounts of cabbages to residents at fixed places will be applied to urban residents. The selling prices will be the same as last year.

Vice Mayors Wu Yi, Lu Yucheng, and He Luli; and Zhang Peng, adviser of the municipal government, also attended the meeting.

Tianjin Customs Checks on Enterprise Profiteering
HK0211034988 Beijing RENMIN RIBAO
in Chinese 24 Oct 88 p 1

[Dispatch by RENMIN RIBAO reporter Xiao Di (5135 5441) and JIN WAN BAO (This Evening Newspaper) reporter Zhang Weigong (1728 4850 0501): "Tianjin Municipal Customs Checks on Several Foreign Trade Enterprises for Engaging in Profiteering"]

[Text] Tianjin (RENMIN RIBAO)—Several "bureaucrat profiteers" of the foreign trade departments who were impatient to "cross the pass" were revealed and detained by the Tianjin Customs.

On 9 October, the Shenzhen Light Industry-Trade Import and Export Company applied to the Tianjin Customs for permission to export 295 tons of ferrosilicon. However, it was found that the organization which actually wished to get the permit was the Inner Mongolia Branch of the China Metallurgical Import and Export Corporation. Prior to this, the Tianjin Customs also found out on 28 September that although the Haikou Foreign Economic Development Company applied for permission to export 6,530 tons of pig iron, the company that signed the contract and obtained the export permit was the Branch Company of the Hunan Provincial Ramie Textile Company. The former got 300,000 yuan for the service, but has now been asked to make self-criticism.

In the middle of September and the beginning of August, the Tianjin Commodity Inspection Bureau also discovered that a Hunan company and a Beijing company applied for the permission to export respectively 5,000 tons and 400 tons of pig iron with a forged commodity inspection certificate or a certificate with an altered serial number and signature.

Since the beginning of this year, there has been a shortage of pig iron, ferrosilicon, and scrap steel caused by smelting plants in various localities and the Tianjin Steel Plant is about to operate at half of its capacity. In the meantime, a strange phenomenon has occurred. While large sums of foreign exchange are being spent on import of pig iron, large quantities of pig iron is being exported. According to statistics of the Tianjin Customs, 110,000 tons of scrap steel and 780,000 tons of pig iron were exported from January to August alone. According to the results of investigations carried out by Tianjin's industrial and commercial administrative departments, some 200,000 tons of pig iron stored in warehouses in Tanggu and the eastern suburbs have as many as 60 owners, most of them are trying hard to have their goods exported.

To strengthen macroscopic regulation and control, the state decided to levy a tax on the export of pig iron, ferrosilicon iron, and scrap steel beginning from 20 September. What is worthy of notice is that according to

statistics of Tianjin Customs, during the period from 20 September, the day when the state began to levy tax on export of pig iron, to 17 October, there were still 33 organizations submitting 79 applications for the export of more than 135,000 tons of pig iron, ferrosilicon iron, and scrap steel. The momentum of exporting pig iron, ferrosilicon iron, and scrap steel has not weakened. According to analysis, the causes are signed contracts with foreign businessmen and tax rates that are not high enough to stop the export of pig iron.

Li Ruihuan Speech at Tianjin Celebratory Rally
SK3110064088 Tianjin TIANJIN RIBAO
in Chinese 12 Oct 88 ppl,2

[Speech by Li Ruihuan, secretary of the Tianjin municipal party committee, at a commendatory and victory rally to mark the success of the Tianjin Railway Hub Renovation Project: "Fully Display Our Political Advantages"]

[Text] The Tianjin railway hub renovation project was our country's major project during the Seventh 5-Year Plan period. The entire project included the expansion and renovation of the Tianjin passenger train station and the Nancang marshalling station, the additional construction of some northern circle double-tracking lines, the new construction of the Nanco connection lines, and the simultaneous construction of the postal hub, the commercial service building, the underground commercial center, and the relevant urban public utilities and support facilities. Under the cordial concern of the party Central Committee and the State Council, and with the great support of the State Planning Commission, the Ministry of Railways, the Ministry of Posts and Telecommunications, and the Ministry of Construction, it took us only 17 months and 10 days to complete the project. The entire project, including planning, designs, and construction, was appraised and recognized as a quality project by the State Examination Committee for Projects. After being opened to traffic, the results were successful. Over the last few days, the broad masses of people competed with each other to see the project, and universally praised the designs as new and unique, the structure as magnificent, and the facilities as advanced and comprehensive.

Many specialists, scholars, and experts also praised this project. Some foreign friends who visited this project also praised it and were deeply amazed. It was really amazing to see such a huge and complicated project completed with such high quality and at such a high level within such a short time. This was unprecedented in the history of Tianjin as well as in the world.

Over the past few years, the people of Tianjin have done many similar praise-worthy things. For example, they completed the Luan He water diversion to Tianjin project in 1 year and 4 months, built Food Street in 100 days, the ancient cultural street in 7 months, the garment street in 5 months, the central ring road in 10 months,

and the outer ring road in 10 months, and succeeded in realizing the goal of supplying gas to civilians throughout the municipal within 2 years. What power was behind this and what was the secret of success in this? In the course of summing up the experience of the railway hub renovation project, we should conscientiously study and summarize the experience and strive to find out from it the things that are of universal significance in order to guide our future work and the work in various fields. In that vein, what things of guiding significance do we actually have? Here, we can stress several aspects. For example, we must persist in reform, try our best to apply modernized science and technology, and trust and rely on the broad masses of workers. But in my opinion, judging from the present situation, the most important thing is to fully display our political advantages. Since the implementation of reform and opening up, we have paid comparatively great attention to studying advanced foreign technologies and used them to overcome and supplement our deficiencies. Without a doubt, this is very correct. However, during this process, we also saw some deviations. It seemed to us that all foreign things were good. We forgot or neglected the good things of our own and forgot our characteristic political advantages which other developed countries do not have. Ours is a socialist country led by the Communist Party and we have our own advantages. These advantages have displayed a tremendous role in history. Under the current situation of reform and opening up, they are also of great significance. These advantages were reflected in our spirit of renovating the eastern railway station cultivated during the construction of the railway hub renovation project, which included the indomitable spirit of fearing no hardships or dangers; the united and cooperative spirit of taking the entire situation into account; the creative and fact-seeking spirit of respecting science; and the dedicated spirit of being happy to work for the country and the people.

We had a common ideal which embodied the interests of the masses. For 100 years since its establishment, Tianjin's Laolongtuo Station had never undergone large-scale renovation. The station was small and shabby, and its equipment outdated. Its excessive passenger and cargo delivery directly affected and restricted the transport capacity of the two Beijing-Shanhaiguan and Tianjin-Pukou trunk lines, and was very incompatible with the development of the entire national economy and with national Tianjin's status. Renovation of the Tianjin station has been a long-cherished desire of the people of Tianjin. As soon as the news on the party and government's decision to renovate the Tianjin railway hub spread, it immediately evoked strong repercussions throughout the municipality. Many people went to pertinent government departments to inquire about the situation, many staff members and workers went to worksites to participate in labor after work hours and on holidays, and some retired cadres, workers, and technical personnel also spontaneously offered ideas and suggestions on the planning, design, architectural style, and interior and external decoration of the station. Our

residents, peasants, enterprises, and institutions did not complain of their difficulties in moving to other areas, nor did they haggle over prices when their land was requisitioned. They voluntarily vacated their houses and land. Our departments in charge of overall responsibilities, and various specialized bureaus voluntarily gave the green light and provided conveniences to the project, rendered good service on the spot, and ensured material supplies. Our commanders and fighters of the Liberation Army and armed police forces voluntarily asked to participate in the labor, and in particular the units that have taken part in the war plunged into the construction without rest after triumphantly returning from the Laoshan front. Trade unions, women's federations, CYL, and other organizations; and commercial, cultural, medical and, other units went to worksites to extend regards, render service, and offer means and efforts. Newspaper offices, broadcast stations, and other press organs often visited worksites to cover the construction, and gave timely publicity to the contributions of the builders. Many workers, cadres, self-employed laborers, children and young people, and Overseas Chinese donated money and materials ranging from toothpaste and handkerchiefs to 100 thousand yuan. Children of the Qiaobei Primary School in Hongqiao District collected 100 yuan of their own pocket money, and sent it to the construction headquarters. They said in their letter sent together with the money: "We send a small amount of money to express our regards." A vivid situation in which everyone showed concern for and vied to contribute to the project took shape. It can be said that the successful and fast completion of the Tianjin railway hub renovation project in a more economical way was the crystallization of the collective wisdom and united cooperation of the people throughout the municipality. Practice once again proved that in doing every task, we should give heed to the opinions of the masses, understand their desires, and truly think of what is in their minds, carry out what they urgently ask for, and satisfy their needs. Only in this way can we win their support, and score the achievements acknowledged by them. Common interests, common ideals, and common goals are the foundation for common action. Only with this foundation can the masses take action, and only activities based on this foundation can be called conscious and voluntary activities of the masses. With the conscious and voluntary activity of the masses, we will never fail in our causes.

We were able to effectively exercise unified leadership. The Tianjin railway hub renovation project involved many units—more than 60 units directly participating in the project and more than 300 rendering support in the construction and other areas. To effectively organize these departments and units, we had to have unified organizational leadership. Before the project started, we first established a construction leading group, under which an on-site project headquarters was set up. This headquarters had many characteristics. First, it represented broader sections of units. Second, it had fairly strong work ability. Third, it performed its work in a

down-to-earth manner. Fourth, it had authority. We can say that it was an energetic, able, and powerful body which was resourceful and decisive, and capable of making prompt decisions, charging at the head of its men, and commanding its Army. It was because of such a command system from higher levels downward that we could enable so many participating units and personnel to work in an enthusiastic and yet calm manner, and in a strenuous and yet orderly way, and to strictly enforce orders and prohibitions, adopt concerted steps, fulfill their respective responsibilities, and take the overall situation into account. Over the past few years, we have stressed deregulation and invigoration in the process of reform, and have achieved very great results. It can be said that without deregulation and invigoration, a situation like today's would have been impossible.

It should be noted, however, we have neglected the tendencies of centralization and unification in allowing flexibility, thus giving rise to the problems of disorder and confusion. It should be said that these problems have become extremely serious at some units or in some fields, thus sapping the people's morale and hindering the normal progress of reform and various items of work. It goes without saying that reform means in essence the readjustment and distribution of power and interest. During this process, a pluralistic concept of interests will certainly emerge. Therefore, during this process, we must lay emphasis on the overall situation, unification, and discipline; and we should avoid the situation where no one wants to or can efficiently interfere with others. The reason why the experiences from the key railway renovation project are so valuable lies in the fact that we have not only comprehensively carried out reform and implemented various forms of contract systems from top to bottom, but we have also adhered to centralized leadership and unity. It should be said that this is not easy to attain and is very important right now.

We have the traditions of carrying forward the party leadership and its central role. All units participating in the construction have established their party organizations, and have constantly conducted various activities, thus establishing a key contingent composed of party members, CYL members, and leaders. This contingent has manifested a high degree of awareness and enthusiasm as well as inexhaustible wisdom. Members of this contingent have conscientiously concentrated all their energy on construction. They have loudly put forward the slogan of "dedicating their efforts to construction projects and adding glory to the party flag." Some of them have lived at worksites and worked for more than 12 hours every day; some have adhered to their work despite disease and have thus fallen faint several times, some have attended to their work without going home for 10 or 15 days, some have worked so hard that they have had no time to attend their relatives' wedding ceremonies and funerals, and some retired workers have been willing to stay at the worksite despite the invitation of other places with high remuneration. A certain old

worker said: I have been looking forward to the renovation of Laolongtou Station for many years, and it is very fortunate and glorious for me to have this chance. I am willing to exert myself in this project even though I do not get one cent as a bonus. Because this contingent has worked hard selflessly in good unity and coordination, tided over all crucial moments, and displayed a vanguard and exemplary role in everything and at any time, a firm "internal core" has been formed throughout the worksite, which has produced huge power and carried out the project vigorously and vividly. Facts show that the exemplary role of party members and key members has been an invisible force and soundless call to mobilize the enthusiasm of the large number of the masses. The party's common will should be manifested by the unified action of all party members, and the party's principles and line should be implemented through the vanguard and exemplary role of party members. I believe that it is applicable to not only key construction projects but also other projects. Along with the deepening of reform and the development of our undertakings, this backbone contingent composed of party members, CYL members, and many activists will certainly become increasingly strong, withstand various tests, and display a still more important role in new and even greater endeavors.

Our ideological and political work is effective. During the whole construction process, we have always paid attention to exploiting the strong power of political and ideological work. We have constantly stressed the relations between projects and the four modernizations, the significance of bringing benefit to the people, and the expectations of the people. This has enabled each and every builder to have a sense of honor, responsibility, and urgency. At the same time, we have made full use of the mass media, and adopted various propaganda forms to create strong momentum and public opinion throughout the municipality and within and outside the worksite, thus adding an "immortal character" to this construction project, winning support from various fields, and promoting work in various fields. Many comrades do not comprehend the role of building up public opinion because they think that it is just a superficial task or the practice of making a terrific din. They do not understand that in building such a big project, it is impossible for us to accomplish all tasks without building up strong social opinion, without mobilizing the forces of all fields, and without creating a momentum that it is glorious to turn on the green lights and make contributions and it is shameful to set up obstacles and pick up crumbs.

If we did not have such momentum, please try to imagine how we would have been able to fulfill the work of dismantling houses, removing the people, requisitioning land and other supporting work in such a good way? We fully respected the creative spirit of the broad masses of people, extensively conducted all types of labor emulation drives and persisted in making appraisals and comparisons and commending and emulating the advanced. On several occasions we organized the people

to participate in voluntary work, to make contributions and give performances voluntarily, to publicize the party's fine traditions, and to eulogize the selfless and dedicated spirit, thus preventing the unhealthy trend of "putting money above everything else" from finding a market. Over the last few years, we straightened out the mistake of egalitarianism, of everybody "eating from the same big pot," and paid comparatively great attention to the practice of distribution according to work and material benefits. Without a doubt, all this is correct. However, we must also point out that, indeed, we have neglected the ideological and political work and the existing trend of "money is the most powerful." This trend has already produced serious consequences which merit our great attention. The experience in the railway renovation project shows that the brilliant political flowers will surely blossom and yield abundant economic fruit. As long as we unceasingly strengthen ideological and political work, mobilize the people's enthusiasm to the greatest extent, and display them rationally, we will surely be capable of overcoming all difficulties and will create amazing achievements.

We have dialectical materialist scientific methods. During the construction of all major projects, we paid great attention to applying the sharp weapon of dialectical materialism while organizing and directing the work. The Tianjin railway hub renovation project was a systems engineering project and was built under the situation of not stopping railway transport. As soon as the project began, we called for careful planning and design, careful study and methods, and careful organization and direction. We handled relatively well the relation between major and general projects, and stressed that all units must grasp the major projects during every stage and must promote the construction of general projects through grasping the key projects. We also handled relatively well the relation between time and space, stressed the need to make full use of the time, to rationally use the space, and attained the goal of fully occupying space and using our time continuously.

We were able to handle the relationship between the construction of different stages and that of a continuous nature fairly successfully, organized the campaigns of the construction project continuously with every large campaign including several small ones, fought one battle after another in an orderly and coordinated manner with our goals being renewed ceaselessly, and marched forward triumphantly, winning one victory after another. In our strategy, we called for defying difficulties, and fostering the morale of overcoming all difficulties, and never being intimidated by them in any condition. In tactics, we also attached importance to facing up to difficulties, always overestimated them a little bit, and tried our best to consider as many problems as possible and as meticulously, specifically, and thoroughly as

possible to prepare for the worst, thus ensuring success. All this asserted the strength and might of Marxism and proved that we should still study and adhere to Marxism in the new historical period.

Tianjin's current situation in various fields is very good, and the work on all fronts and in fields is proceeding in a thorough manner. The 3d Plenary Session of the 13th CPC Central Committee put forward the task of improving the economic environment, rectifying the economic order, and comprehensively deepening reform. This is a major event bearing on the future and destiny of the socialist modernization of our country. We should implement it to the letter in line with Tianjin's actual conditions. In the process of fulfilling this task, we hope that all departments and units will conduct study carefully as they did in the railway hub renovation project, fully develop our political advantages, give play to the party's leadership role, give play to the role of party organizations as a core, give play to party members' vanguard and exemplary role, strengthen and improve ideological and political work, arouse the enthusiasm of the masses of cadres and ordinary people, pull themselves together, maintain plain living and arduous struggle, improve the work in various fields to a new level, and win new success in reform, opening up, and socialist modernization.

Northwest Region

Shaanxi Leader Addresses CPPCC Meeting
*HK0211023788 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 2 Nov 88*

[Excerpts] Provincial party committee Secretary Zhang Boxing said yesterday at the Third Session of the Sixth Provincial CPPCC Standing Committee: To ensure still better implementation of the spirit of the 3d Plenary Session of the 13th CPC Central Committee, the provincial party committee and government fervently hope that the CPPCC and the democratic parties will put forward more good views and suggestions, and that they will also supervise the leadership at all levels in providing honest government. [passage omitted]

Zhang Boxing said: We must be both resolute and comprehensive in implementing the central intentions. We must resolutely firm up each measure for improvement and rectification work in line with the central demands. [passage omitted] We must also understand the central intentions in a complete way, and must not view them in isolation, and still less set improvement and rectification against deepening the reforms and promoting steady development. At present, we must handle effectively the following relationships:

1. Correctly understand the relationship between improvement and rectification on the one hand and reforms on the other. We must realize that improvement and rectification are for the purpose of creating an

excellent environment for reform. Carrying out improvement and rectification certainly does not mean bringing reforms and development to a halt, or going back to the old road of 10 years ago of managing the economy by administrative measures.

2. We must correctly handle the relationship between improvement and rectification on the one hand and economic development on the other. We are reducing the overheating in economic development, but this does not mean lowering economic development to a level of yielding no economic returns, and still less does it mean thinking that the lower the growth rate, the better. We must therefore exert great efforts to improve economic returns. In particular, we must work hard at agriculture and change our stagnant situation in grain and cotton production.

3. Correctly handle the relationship between strengthening discipline on the one hand and pioneering and creating new things on the other. We must oppose violations of discipline occasioned by laying stress on pioneering and creation, and also oppose lack of daring in pioneering and creation on account of emphasis on discipline. We must genuinely protect and support reformers who are bold in pioneering and creation, and deal severely with people who violate discipline.

Zhang Boxing said that the CPPCC should give scope to its role as a think tank and brains trust, devise schemes

and plans for the provincial party committee and government, and work with concerted efforts to implement the central intentions. [passage omitted]

Song Hanliang Attends Xinjiang Peasants' Meeting
HK0111082388 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 31 Oct 88

[Excerpt] At the first regional meeting to commend outstanding peasant entrepreneurs held today, a certain number of peasant entrepreneurs who had made remarkable contributions to the development of township and village enterprises were commended, and Song Hanliang, Tomur Dawamat and other regional party and government leaders awarded them cups and medals. [passage omitted]

At the meeting, Secretary Song Hanliang of the provincial party committee praised the pioneering spirit of those peasant entrepreneurs. He pointed out: The key to reinvigorating the rural commodity economy lies in the rapid development of township and village enterprises. The present conditions for developing township and village enterprises are better than any time in the past. He hoped peasant entrepreneurs would make bold and pioneering efforts to march ahead and seize the opportune moment to push the development of township and village enterprises to a new stage.

Following the commendation meeting, the regional party and government leaders discussed with meeting participants the development of township and village enterprises and other issues.

Policy Toward Soviet Union Remains Unchanged

OW011114188 Taipei Domestic Service
in Mandarin 2300 GMT 29 Oct 88

[Text] Chang Hsiao-yen, vice minister of the Ministry of Foreign Affairs, solemnly stated: The government has not changed its policy toward the Soviet Union. At the present stage, the Soviet Union is still our enemy. The 21st Century Foundation and the China TV Corporation's Video & Audio Center yesterday invited Vice Foreign Minister Chang Hsiao-yen to discuss with Lin Chih-ching, head of the trade group to the Soviet Union, the question of the trade group's visit to the Soviet Union and our country's relations with foreign countries. Vice Foreign Minister Chang Hsiao-yen noted: A historical feud is not the sole criterion and factor to assess our country's foreign policy. However, the Soviet Union still adopts a hostile attitude toward us. As to whether the Soviet market merits development, Lin Chih-ching said: The Soviet Union's industrial structure is different from ours. In addition, there are no relations of remittance, mail, and navigation between the two sides. Moreover, the Soviet Union wants foreign exchange. Therefore, it is not possible for the Soviet Union to become our country's important market.

Dissidents' Call for Independence Supported

HK0211055988 Hong Kong HONGKONG STANDARD
in English 2 Nov 88 p 6

[Text] Taipei—Some 500 Presbyterians yesterday marched through Taipei streets in a demonstration supporting two dissidents in their call for an independent Taiwan, witnesses said.

The marchers, with headbands reading "Independence To Save Taiwan", demanded the immediate release of Tsai Yu-chuan, a Presbyterian priest, and Hsu Tsao-teh, who were convicted of sedition for advocating an independent Taiwan state, they said.

"We are calling on the government to respect freedom of speech, which was protected by the Constitution," demonstration organizer and spokesman Kao Chun-ming, a priest, said.

Stressing that everyone had the freedom to care for Taiwan and advocate an independent state, he urged the government to release the two dissidents.

Tsai was jailed for 11 years and Hsu for seven years by the High Court in August for including a clause advocating independence for Taiwan in the charter of the Formosan Political Prisoners Association in 1987.

Yu Refuses To End 'Period of Communist Rebellion'

OW0211011188 Taipei CNA in English 1610 GMT
1 Nov 88

[Text] Taipei, Nov. 1 (CNA)—Premier Yu Kuo-hua said Tuesday since the Chinese Communists have never abandoned their option of taking the Republic of China

[ROC] on Taiwan by force and have refused to renounce the "four insistences" policy, now is not an appropriate time for the ROC Government to proclaim an end to the "period of Communist rebellion".

Premier Yu made these remarks when answering a query by Legislator Huang Chu-wen at Tuesday's Legislative Yuan session. The lawmaker proposed that the Government end the "period of Communist rebellion" authorized by the "Temporary Provisions Effective During the Period of Communist Rebellion" in order to meet the needs of changing times.

The temporary provisions have been in effect since the middle of 1948 when the Communists gained control of a large part of the mainland. The provisions, which are regarded as equal to the Constitution, have been amended three times since the ROC Government moved to Taiwan in 1949.

The premier also told the Legislative Yuan that the right to proclaim the end of the period of Communist rebellion is reserved to the President while the authority to revoke the temporary provisions belongs to the National Assembly, which adopted the provisions 4 decades ago.

In the meantime, Premier Yu said that before the end of next week the government will publish the details of measures allowing people from the Chinese mainland to visit gravely ill relatives or to attend the funerals of close relatives in Taiwan.

The ROC Government had announced earlier this year that such family reunion visits would be permitted soon.

As to whether mainland people will be allowed to reside here permanently, Yu said that since some of them may be forced by the Chinese Communist regime to conduct United Front plays here and thus undermine national security, the government has to study the issue further before making a decision.

Premier Yu said that he knows well that some people here are dissatisfied with the government's current policy towards the mainland. This is mainly because they are ignorant of the Peiping regime's United Front tactics and its never-ending attempt to undermine Taiwan," Yu said.

"In fact, every move and every action by the Chinese Communists is directed towards annexing the National Revival Bastion (of Taiwan), he pointed out.

The premier continued that some local businessmen, absorbed by the vision of short-term profits, have long wished to trade with the China mainland, regardless of the long-term losses they might suffer.

To prevent local companies from being hurt because of overdependence on mainland markets or raw materials, Yu said, the government has adopted precautionary measures such as permitting only indirect imports of limited amounts of mainland raw materials and establishing an early warning system on trade with the mainland.

Yu on Government's Wealth Distribution Policy
OW0211034288 Taipei CNA in English 0235 GMT
2 Nov 88

[Text] Taipei, Nov. 2 (CNA)—Premier Yu Kuo-hua told the Legislative Yuan Tuesday that the government's policy is to equalize the distribution of wealth by improving the tax system and pushing forward more social welfare programs.

Yu was answering queries at Tuesday's Legislative Yuan session during which several lawmakers expressed their worries over the widening gap between the nation's rich and poor.

The premier admitted that the gap between the rich and poor has expanded somewhat in recent years, but it is still far narrower than that in both advanced industrial countries and developing countries.

Yu attributed the widening gap to a reduction in government tax revenues which, he said, have hampered the government's ability to fund increased spending on welfare programs.

In most developed countries, government tax revenues exceed 20 percent, and even 30 percent, of the Gross National Product (GNP), he said. In the Republic of China, however, it is less than 16 percent.

According to the latest government survey, the income of the top 20 percent of population was 4.7 times higher than that of the bottom 20 percent of population, Yu said, greater than the 4.2 times recorded in previous surveys.

If the government does not raise taxes for richer people, the gap between the rich and poor will likely expand further, he warned.

With increased tax revenues, the government will be able to increase social welfare expenditures and better support welfare programs, Premier Yu pointed out. This also will promote a more equitable distribution of wealth.

Commentary on DPP's Moderate Leadership
OW0211060188 Taipei International Service
in English 0200 GMT 2 Nov 88

[Station commentary: The DPP Opts for Moderate Leadership]

[Text] The largest and most important opposition party, the Democratic Progressives, or DPP for short, held its third national congress this past week and achieved several

goals in the process. The most important matter of business was the election of a new party chairman, held on Sunday. In the aftermath of a close and sometimes bitterly fought campaign, a moderate, Huang Hsin-chieh, defeated a more radical figure, Yao Chia-wen, for the chairmanship. Things cooled down when Yao graciously called for unity to support the new chairman.

The DPP is, technically speaking, still illegal. It was formed in September 1986 by a loose group of opposition figures, defying the ban on formation of new political parties during the martial law era. The martial law was lifted in July 1987, and a law governing civic organizations has yet to be passed by the national legislature.

The DPP has, however, achieved a de facto political party status which the government has not only tolerated, but encouraged. In the December 1986 election, the DPP even ran candidates, winning 12 seats in the legislature, and 23 percent of the popular vote.

The third national congress of the DPP lived up to its billing as a humdinger of eleventh hour political infighting among its three large factions. The newly-elected chairman, Huang, was supported by the Formosa Faction, which opposes any attempt by the DPP to advocate Taiwan's secession from historic China; this faction does, of course, want Taiwan to remain independent of Communist China, but favors unification if conditions favor Taiwan in the equation. Huang was opposed by Yao Chia-wen and the so-called New Movement Faction of the party, which advocates Taiwan's independence from China, whether Mainland China is Communist or not. The third faction, the Suprafaction Faction, as it has become known, and although smaller than the other two, played the role of broker in the election and in other party issues. This faction feels that such explosive issues as Taiwan independence should be shelved until the issue of full democratization is addressed.

Huang's victory was somewhat predictable as a majority of the 224 DPP delegates had already voiced their displeasure with the more radical political agenda of the New Movement Faction. It would appear from the results that a majority of the delegates oppose Taiwan independence, or at least the advocacy of such a dangerous issue at this juncture. The Chinese Communist regime in Peking has maintained its threat to blow Taiwan out of the water if it attempts to go the route of independence. This threat, coupled with the fact that only a small minority of the people on Taiwan might favor such a tack, explains why moderation won the day in selection of a new party chairman.

The election also is an indication that the DPP is preparing a more moderate platform for next year's national legislative elections. The DPP did well in 1986 largely on the basis of the fact that many middle class people wanted to help spur the development of a two-party system on Taiwan. Now that that goal has been likely achieved, the DPP will have to fend for its own against the majority Kuomintang. The DPP has a long way to go, but a moderate party chairman is, perhaps, a step in the right direction.

Hong Kong

Governor Wilson Begins Beijing Visit 2 Nov

OW0211124888 Beijing XINHUA in English
1158 GMT 2 Nov 88

[Text] Beijing, November 2 (XINHUA)—Hong Kong Governor Sir David Wilson and Lady Wilson arrived here today to begin their three-day visit in the Chinese capital.

Wilson told reporters at the airport that he hoped to discuss "a whole range of issues" with Chinese officials. He also hoped to hear briefings given by Chinese officials on progress in the drafting work of the Hong Kong basic law.

"The economic relations between Hong Kong and the mainland of China are developing very well," he added.

Chinese Vice-Foreign Minister Zhou Nan, who was at the airport to meet Sir Wilson, expressed the hope that he and Wilson would exchange views on the situation in Hong Kong, on how to implement the Sino-British joint declaration and other issues.

He believed that such exchange and consultation demonstrate "the close cooperation between China and Britain in the transitional period of Hong Kong."

Upon his departure from Hong Kong at noon today, Wilson told reporters that he expected to discuss matters related to the transfer of power, the formation of the first government of the future Hong Kong Special Administrative Region and other issues.

It is learned that during his stay in Beijing, Wilson is scheduled to have talks with officials from the Chinese Foreign Ministry, the Hong Kong and Macao Affairs Office under the State Council and the Ministry of Foreign Economic Relations and Trade. A Chinese leader is expected to meet Wilson.

Corruption Crackdown on Agenda

HK0211051988 Hong Kong HONGKONG STANDARD
in English 2 Nov 88 p 1

[By S. Y. Wai in Beijing]

[Text] Alleged malpractices involving Chinese companies in Hong Kong, as well as the general performance of China-backed firms in the territory will be discussed in Beijing by senior Chinese trade officials and the Governor, Sir David Wilson, on Friday.

Sir David, who will arrive in the Chinese capital with Lady Wilson this afternoon, will meet officials from the Ministry of Foreign Economic Relations and Trade.

A deputy minister, Mr Shen Jueran, will receive the Governor, sources say.

China's recent crackdown on corruption in its Hong Kong enterprises, including with last week's closure of a Chinese-backed company, Sinocorp, will be high on the agenda.

On the transition of sovereignty to China, Sir David will see various senior Chinese officials at different levels during his three-day stay.

His first meeting will be at the Foreign Ministry tomorrow morning (Thursday) where he will see Deputy Minister Mr Zhou Nan followed by an afternoon session with Mr Lu Ping and Mr Li Hou, both deputy directors of the State Council's Hong Kong and Macao Affairs Office.

Tomorrow evening the Governor and Lady Wilson will attend a dinner reception hosted by the Hong Kong and Macao Affairs Office Director, Mr Ji Pengfei, at Diaoyutai State Guest House.

Sir David will ask the two Hong Kong and Macao Office officials to brief him on the progress of redrafting the Basic Law draft.

He also wants to know how the Chinese Government will expect to take account of views expressed in Hong Kong about the Basic Law.

Sir David is expected to receive the Chinese side's reaction to a Hong Kong Government proposal, forwarded to Mr Lu and Mr Li in September, that the first SAR Government be formed well before 1997 to ensure continuity and a smooth transition.

The HONGKONG STANDARD reported last week that the proposal suggested forming the first SAR legislature and the creation of a deputy governor post around 1995.

On Friday Sir David will see Premier Mr Li Peng at Zhongnanhai, the office and residential complex of top Chinese leaders including Deng Xiaoping as well as the heart of the Communist Party and State apparatus.

Mr Li will be the most senior Chinese official to meet Sir David since he took office as Governor in April last year.

The last Governor, Sir Edward Youde, during a visit to Beijing in 1986 was greeted by the then Premier, Mr Zhao Ziyang (now Party General Secretary).

Mr Zhao said after meeting Sir Edward that they had talked about how to strengthen Sino-Hong Kong economic co-operation.

Vietnamese Delegation 'Likely To Visit'
*HK0211050988 Hong Kong SOUTH CHINA
MORNING POST in English 2 Nov 88 pp 1, 2*

[By Simon Macklin]

[Text] A Vietnamese Government delegation is likely to visit Hong Kong in the next few weeks in order to issue identity documents to boat people who have volunteered to return home.

But it is understood Hong Kong officials are reluctant to allow the Vietnamese into the territory and will issue visas to the delegation only if Hanoi authorities make it clear there is no alternative.

It is intended that a first group of 110 boat people who have volunteered to return home will be repatriated in the next two months.

So far about 420 boat people who arrived in Hong Kong after the June 16 change in policy have asked to be sent back and it is hoped to encourage more to volunteer if the process is seen to work efficiently.

A Vietnamese diplomatic official contacted in Thailand yesterday confirmed the request for a visit had been made to the Hong Kong Government earlier this summer.

The diplomat said the delegation wanted to visit Hong Kong in order to see what preparations were being made to repatriate those Vietnamese people who have volunteered to go home.

"Some interviews are necessary to see if the refugees are willing to return or if they are being forced to go back," the diplomat said.

The diplomat said a similar Vietnamese team was currently visiting Malaysia in order to view preparations there for repatriation of Vietnamese boat people.

But a Hong Kong Government spokesman said the request had been raised by the Vietnamese authorities at the last round of negotiations with territory officials in London in September.

"This is a matter the Vietnamese have raised in the talks, it is directly linked to the return of the first group of Vietnamese boat people," the spokesman said.

No final decision had been made on whether or not to allow the delegation into the territory, the spokesman said.

It is understood the Vietnamese asked permission for a "technical team" to visit the territory and issue identity documents to the boat people who had asked to return home.

The Hong Kong Government has offered to issue the documents itself or else arrange for them to be handed over once the boat people are airborne and on their way home.

The Hong Kong Government operates a restrictive immigration policy towards the Vietnamese and very few Vietnamese passport holders are granted visas to visit the territory, although the Vietnamese Government operates a small trade office in the territory.

It is believed the Hong Kong Government is anxious not to antagonise the Chinese administration by allowing Vietnamese Government officials easy access to the territory.

Relations between Hanoi and Beijing are tense and only last month there was renewed conflict on the Sino-Vietnamese border with Chinese forces killing eight guards and militia men.

Border skirmishes between the two countries have been frequently reported since a frontier war in February-March 1979.

The publicity which is bound to surround a visit by Vietnamese Government officials might embarrass the Chinese authorities, in particular if the team from Hanoi chose to make any statement about China while it was in Hong Kong.

And it is believed local Government officials are also concerned at what the delegation might do while it is in Hong Kong.

The Vietnamese boat people might be antagonised by the presence of the Hanoi officials and it could cause some disturbance in the detention centres.

It is intended by the Hong Kong Government that by 1992 all of the Vietnamese boat people who have been screened out as non-refugees should be repatriated to Vietnam, along with those others who volunteer to return.

And it is hoped the resettlement rate for boat people who are screened as genuine refugees will pick up in the next few months.

Last month a total of 220 Vietnamese refugees left Hong Kong for resettlement overseas while two accepted local resettlement.

This brings the total number to be resettled in the first ten months of this year to 2,477 compared with only 2,212 for the whole of last year.

Proposal To Host World Exposition Abandoned
HK0211032588 Hong Kong SOUTH CHINA
MORNING POST in English 2 Nov 88 p 1

[Text] The Executive Council yesterday abandoned the controversial proposal that Hong Kong host a world exposition in 1997—and at the same time ruled out staging the fair even in 2001.

After two hours of heated argument behind closed doors, the Governor-in-Council decided that it would be against Hong Kong's interest to pursue the ambitious idea, which had attracted wide spread public support.

Beijing and London were notified of the decision after the meeting.

A Government spokesman said there would be plenty of time in the years ahead for the territory to explore the possibility of hosting a world fair beyond the year 2001.

Leading expo advocate, Legislative Councillor Stephen Cheong Kam-chuen, wept as he began to read out a prepared press statement, in which he conceded that the Executive Council's "regrettable" decision had drawn the matter to a close.

"I respect the authority of the Governor-in-Council being the ultimate decision making body in Hong Kong and would, therefore, not challenge its deliberation," he said.

Mr Cheong, who said he would not pursue the issue with either London or Beijing, appealed for unity to strive for a better future for Hong Kong.

"It is a pity that Expo'97 has turned out to be a non-starter. But life must go on," said Mr Cheong, who leaves for Singapore this morning on a two-day business trip.

He pledged that he and his Legislative Council colleagues would continue to strive for an "open, responsible and responsive Government for now and well into the future".

Mr Cheong said he was convinced that the expo decision was made under political pressure from outside.

"And I don't believe the pressure was from China," he added.

About two-thirds of the legislators who took part in a debate on the issue two weeks ago, wanted the Government to register Hong Kong's intent to stage an Expo'97 with the Bureau Internationale des Expositions (BIE) before the November 20 deadline.

The Government yesterday issued a lengthy statement reiterating its many reservations on the practical difficulties for Hong Kong to host an Expo'97.

In an unusual move to deflect criticism, the administration also issued an 11-page brief to legislators explaining the Executive Council decision.

"They're just trying to justify a decision that appears to have been made well before the Executive Council meeting," said a Legislative Councillor who asked not to be named.

Despite support from legislators to register intent with the BIE, Secretary for Administrative Services and Information Peter Tsao Kwang-yung said such a move would have been untenable.

"How can you made a convincing case for the BIE to believe you if you have reservations about the project. It would be misleading to register intent if we didn't believe we could do it," said Mr Tsao.

The Government's main reservation was that a world fair would delay important infrastructure projects.

It claimed the expo would also place a strain on the airport, transportation system, and pose security problems. Its financial viability was also called into question.

"In the light of these reservations, the Governor-in-Council has decided not to request the Chinese Government to consider registering an interest on behalf of the future Hong Kong Special Administrative Region with the BIE to host an expo in 2001," said the Government spokesman.

But he added that the option for an expo beyond 2001 could be considered at an appropriate time.

Chinese authorities yesterday refrained from commenting on the issue, stressing that Expo'97 was a matter for the Hong Kong Government.

A Chinese member of the Sino-British Joint Liaison Group, Mr Zheng Weirong, yesterday repeated the view of the Director of the State Council's Hong Kong and Macao Affairs Office, Mr Ji Pengfei.

He said China would not study the matter until it received official proposals on the project from Britain.

It is understood that Executive Councillors were divided in their views and that Government officials were asked to leave the council chamber after they had presented their arguments to the councillors, whose deliberations on the matter lasted for about two hours.

It was understood that councillors Allen Lee Pengfei and Mrs Rosanna Tam Wong Yick-ming had argued strongly in favour of the expo proposal.

The council's proceedings are confidential and councillors yesterday declined to comment on their collective decision.

But Mr Allen Lee, who is also Senior Legislative Councillor, said after the meeting: "I do think as far as 1997 is concerned, other kinds of celebration could be explored some time in the future.

"The problem of expo is there is a deadline for registration so we have to scrutinise it on that basis, based on all the restraints and constraints."

He said the possibility of hosting a smaller expo could be explored.

Mr Albert Cheng, one of the initiators of the concept, lashed out at what he called the Government's "biased and unscientific" decision, and accused the administration of bowing to political pressure from the British Government.

North District Board member Pang Hang-yin said the Government failed to provide sufficient information to convince him that it was the right decision.

"I am totally disappointed with the Government's attitude of not even giving the proposal a chance by conducting a detailed study.

Mr Pang, together with 10 other district board chairmen wrote to the Governor on Monday requesting the administration consider registering Hong Kong's intent to stage an exposition in 1997.

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